



County of Los Angeles **CHIEF ADMINISTRATIVE OFFICE**

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012

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DAVID E. JANSSEN
Chief Administrative Officer

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January 16, 2007

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**FIVE-YEAR LEASE - DEPARTMENT OF MENTAL HEALTH
546 WEST COMPTON BOULEVARD, COMPTON
(SECOND DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Chairman to sign the attached five-year lease with 2K.A.Koob, LLC, (Lessor) for the occupancy of 4,207 rentable square feet of office space and 15 parking spaces for the Department of Mental Health (DMH) at 546 West Compton Boulevard, Compton, for a maximum first year rental amount of \$149,115. The rental and related costs are to be funded under the Mental Health Services Act (MHSA) and matching Medi-Cal funds.
2. Authorize the Internal Services Department (ISD) at the direction of the Chief Administrative Office (CAO), to acquire telephone, data and low voltage systems at a cost not to exceed \$135,000, which will be paid by DMH via a lump sum payment. Authorize DMH to acquire furniture directly through ISD at an estimated cost of approximately \$96,000 which will be paid in a lump sum.
3. Consider the attached Negative Declaration, together with the fact that no comments were received during the public review process, find that the project will not have a significant effect on the environment, find that the Negative Declaration reflects the independent judgment of the County to approve the Negative Declaration, find that the project will have no adverse effect on wildlife resources, and authorize the CAO to complete and file a Certificate of Fee Exemption for the project.

4. Authorize the CAO, DMH, and ISD to implement the project. The lease will be effective upon approval by your Board, but the term and rent will commence upon completion of the improvements by the Lessor and acceptance by the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

DMH recently secured funds under the State Proposition 63 - Mental Health Services Act. As a condition of funding, DMH is mandated to formulate a plan for the expeditious implementation of various mental health services across the County.

The lease proposed herein will provide DMH with a satellite facility for the Adult Systems of Care (ASOC)-Full Service Partnership program to augment the existing Mental Health facility at 921 East Compton Boulevard, Compton, located approximately one mile from the proposed facility. By allowing for the creation of the satellite office as proposed, DMH will be able to provide enhanced services in a more expeditious manner to its target population.

The office will have some public intake by appointment and is in close proximity to public transportation routes. The proposed office will house 10 employees with 15 parking spaces adjacent to the facility.

The ASOC-Full Service Partnership programs are an outpatient direct service with an emphasis on supportive and recovery-based services that assist adult clients with a serious mental illness to live independently and become employed and live more enriching lives. These programs provide the most intense form of outpatient mental health service available to clients with mental illness who have extensive histories of homelessness, incarcerations and psychiatric hospitalizations. The proposed satellite location for ASOC supports the County's goal to enhance consumer-citizens' quality of life and improve overall community safety and well-being by encouraging appropriate community functioning as well as reducing disruptive and isolating incidents within the community.

As existing Mental Health facilities are currently operating near full capacity and new staff cannot be accommodated at existing locations without a compromise of mental health services, it has been determined that the CAO would obtain ancillary locations as close as possible to existing operations in order to facilitate the new MHSA-funded and mandated services.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we provide service excellence (Goal 1) and assist families' well-being (Goal 5). In this case, the County is providing an innovative, supportive mental health program designed to enhance client recovery potentially reducing costly re-hospitalization while aiding clients to return to the work force as contributing members of the community.

FISCAL IMPACT/FINANCING

The proposed lease will provide DMH the use of 4,207 rentable square feet of office space and 15 parking spaces at an initial monthly base rent of \$8,414 or \$100,968 annually.

PROPOSED LEASE	546 WEST COMPTON BOULEVARD, COMPTON
Area	4,207 rentable square feet
Term	Five years, commencing upon Board's approval and completion of the Tenant Improvements (TI)
Annual Base Rent	\$ 100,968 ⁽¹⁾ (\$2.00 /sf/month)
Base Tenant Improvement (TI) Allowance	\$ 42,070 (\$10 per square foot included in Base Rent)
Annual Additional TI allowance cost	\$ 41,919 ⁽²⁾ (\$.83 /sf/month)
Annual Change Order allowance cost	\$ 6,228 ⁽²⁾ (\$.12 /sf/month)
Maximum Annual Rent	\$ 149,115 ⁽³⁾ (\$2.95 /sf/month)
Cancellation	Anytime after 3 years with 120 days notice
Parking (included in Rent)	15 parking spaces
Option to Renew	Three year option
Rental Adjustment	\$.10 increase at the 30th month (\$2.10 /sf/month)

⁽¹⁾ Excludes utilities, which per BOMA costs an additional \$2.32 sf annually, or \$9,760.

⁽²⁾ Annual amortization of Additional TI of \$40 sf (i.e. \$168,280) and change order allowances (\$25,000) at nine percent.

⁽³⁾ Includes annual base rent and annual reimbursement of Additional TI and Change Order allowances.

Sufficient funding for the base rent of the proposed lease is included in the 2006-07 Rent Expense budget and will be billed back to the department. DMH has sufficient funding in its 2006-07 operating budget to cover the projected lease costs. The costs associated with the proposed lease will be funded through the MHSA and Medi-Cal funds.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease will serve as office space for the ASOC operations of DMH. The proposed five-year lease will provide 4,207 rentable square feet of office space with 15 parking spaces. The lease contains the following provisions:

- Five-year term commencing after completion of the improvements by the Lessor and acceptance by the County;
- A modified gross basis whereby the County is responsible for the cost of utilities. All other operational and maintenance costs associated with the premises are the responsibility of the Lessor;
- A TI allowance of \$42,070, or \$10 per square foot, included in the base rental rate for improvement of the premises;
- A reimbursable additional TI allowance of \$168,280, or \$40 per square foot, and \$25,000 change order allowance, which may be paid in a lump sum or amortized over the five-year term at an annual interest rate of nine percent;
- A cancellation provision allowing the County to cancel at anytime after three years of the term upon 120 days prior written notice and payment of a cancellation fee equal to the unamortized balance of the additional TI and change order expenses, if applicable. In the event of such cancellation, the maximum cost to the County would be \$87,823 at the third year, which would diminish on a monthly pro-rata basis until fully amortized at the end of the five-year lease term;
- Furniture will be purchased directly by DMH via a County-approved vendor at an estimated cost of approximately \$96,000.
- One three-year option to extend the lease at the same terms and conditions with 120 days prior written notice.
- One rental increase of \$.10 per square foot per month at the 30th month of the lease.

CAO Real Estate staff conducted a survey within the project area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could suitably accommodate this requirement. Based upon said survey, staff has established that the base rental range for similar space is between \$21.00 and \$41.40 per square foot per year on a modified gross basis, i.e., minus utilities and janitorial expenses. Thus, the base annual rent of \$24.00 modified-gross with parking for the proposed lease represents a rate within the lower market for the area. Attachment B shows County-owned or leased facilities in the proximity of the service area and there are no suitable County-owned or leased facilities available for the program.

The Department of Public Works has inspected this facility and found it suitable for County occupancy. Construction of the TI will be completed in compliance with American with Disabilities Act (ADA) and building codes. Additionally, the landlord will ensure ADA path of travel requirements are met. The lease has been reviewed and it meets the criteria set-forth for an Operating Lease.

A child care center is not feasible for the department in the proposed lease premises.

NEGATIVE DECLARATION/ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this Project will have no significant impact on the environment and no adverse effect on the wildlife resources. Accordingly, a Negative Declaration has been prepared and a notice posted at the site as required by the California Environmental Quality Act (CEQA) and the California Administrative Code, Section 15072. Copies of the completed Study, the resulting Negative Declaration, and the Notice of Preparation of Negative Declaration as posted are attached. No comments to the Negative Declaration were received. A fee must be paid to the State Department of Fish and Game when certain notices are filed with the Registrar-Recorder/County Clerk. The County is exempt from paying this fee when your Board finds that a project will have no impact on wildlife resources.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed Lease will provide the necessary office space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DMH concurs in this recommendation.

The Honorable Board of Supervisors
January 16, 2007
Page 6

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return two originals of the executed lease and lease addendum, two certified copies of the Minute Order and the adopted, stamped Board letter to the CAO, Real Estate Division at 222 South Hill Street, 4th Floor, Los Angeles, CA 90012 for further processing.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD
CEM:NCH:hd

Attachments (3)

c: County Counsel
Auditor-Controller
Department of Mental Health
Internal Services Department

546WComptonBL1

DEPARTMENT OF MENTAL HEALTH
546 WEST COMPTON BOULEVARD, COMPTON
Asset Management Principles Compliance Form¹

1.	Occupancy		Yes	No	N/A
	A	Does lease consolidate administrative functions? ²			X
	B	Does lease co-locate with other functions to better serve clients? ² Satellite office near 921 East Compton Blvd. Mental Health Center.		X	
	C	Does this lease centralize business support functions? ²			X
	D	Does this lease meet the guideline of 200 sq. ft of space per person? ² Lease represents 351 square feet per person. Excess due to group and related therapy rooms and the space was not divisible.		X	
2.	Capital				
	A	Is it a substantial net County cost (NCC) program?		X	
	B	Is this a long term County program?	X		
	C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
	D	If no, are there any suitable County-owned facilities available?		X	
	E	If yes, why is lease being recommended over occupancy in County-owned space?			X
	F	Is Building Description Report attached as Attachment B?	X		
	G	Was build-to-suit or capital project considered? Space requirement does not meet criteria for these types of projects.		X	
3.	Portfolio Management				
	A	Did department utilize CAO Space Request Evaluation (SRE)?	X		
	B	Was the space need justified?	X		
	C	If a renewal lease, was co-location with other County departments considered?			X
	D	Why was this program not co-located?			
		1. ____ The program clientele requires a "stand alone" facility.			
		2. ____ No suitable County occupied properties in project area.			
		3. X No County-owned facilities available for the project.			
		4. ____ Could not get City clearance or approval.			
		5. ____ The Program is being co-located.			
	E	Is lease a full service lease? ² Owner will not pay for utilities.		X	
	F	Has growth projection been considered in space request?	X		
	G	Has the Dept. of Public Works completed seismic review/approval?	X		
	¹ As approved by the Board of Supervisors 11/17/98				

²If not, why not?

**DEPARTMENT OF MENTAL HEALTH
SPACE SEARCH – 5-MILE RADIUS OF COMPTON MENTAL HEALTH CENTER**

LACO	FACILITY NAME	ADDRESS	SQUARE GROSS	FEET NET	OWNERSHIP	SQ FT AVAILABLE
C740	DPSS-FLORENCE AP DISTRICT OFFICE	1740 E GAGE AVE, LOS ANGELES 90001	60000	28601	OWNED	NONE
C741	DPSS-FOOD STAMPS/ FISCAL SERVICES OFFICE	6367 S HOLMES AVE, LOS ANGELES 90001	5220	3872	OWNED	NONE
Y425	PUBLIC LIBRARY-FLORENCE LIBRARY	1610 E FLORENCE AVE, LOS ANGELES 90001	5124	4448	OWNED	NONE
3709	HUNTINGTON PARK COURTHOUSE	6548 MILES AVE, HUNTINGTON PARK 90255	29295	16325	GROUND LEASE	NONE
T409	HUNTINGTON PARK COURTHOUSE ANNEX	6548 MILES AVE, HUNTINGTON PARK 90255	4480	4000	GROUND LEASE	NONE
5466	PUBLIC LIBRARY-HUNTINGTON PARK LIBRARY	6518 MILES AVE, HUNTINGTON PARK 90255	33482	24243	OWNED	NONE
A190	PUBLIC LIBRARY-BELL LIBRARY	4411 E GAGE AVE, BELL 90201	4863	3515	LEASED	NONE
B059	DISTRICT ATTORNEY-AUTO INSURANCE FRAUD UNIT	5901 E SLAUSON AVE, COMMERCE 90040	6840	6500	GRATIS USE	NONE
A602	DCFS - TRANSITIONAL RESOURCE CENTER	8730 S VERMONT AVE, LOS ANGELES 90044	600	570	LEASED	NONE
A085	DPSS-SOUTHWEST SPEC DIST/ PROBATION-CENTINELA	1326 W IMPERIAL HWY, LOS ANGELES 90044	153986	127700	OWNED	NONE
B995	DAVID V KENYON JUVENILE JUSTICE CENTER	7625 S CENTRAL AVE, LOS ANGELES 90001	18108	11735	OWNED	NONE
Y264	PROBATION-KENYON JUSTICE CENTER OFFICE	7672 S CENTRAL AVE, LOS ANGELES 90001	4505	2190	OWNED	NONE
6400	DCSS-FLORENCE / FIRESTONE SERVICE CENTER	7807 S COMPTON AVE, LOS ANGELES 90001	15928	8706	OWNED	NONE
T403	FLORENCE/FIRESTONE HEALTH CTR TRLR #2(CLOSED)	8019 COMPTON AVE, LOS ANGELES 90001	1129	1073	OWNED	1073
5275	DHS-SOUTH PUBLIC HEALTH CENTER	1522 E 102ND ST, LOS ANGELES 90002	19060	11704	OWNED	NONE
5721	DPSS-SOUTH CENTRAL AP DISTRICT OFFICE	10728 S CENTRAL AVE, LOS ANGELES 90002	51991	32463	OWNED	NONE
Y426	PUBLIC LIBRARY-GRAHAM LIBRARY	1900 E FIRESTONE BLVD, LOS ANGELES 90001	5125	4448	OWNED	NONE
Y861	ML KING-PLANT MANAGEMENT BUILDING	12021 S WILMINGTON AVE, LOS ANGELES 90059	16000	14400	OWNED	NONE
A034	PUBLIC LIBRARY-WILLOWBROOK LIBRARY	11838 S WILMINGTON AVE, LOS ANGELES 90059	2200	2039	LEASED	NONE
6819	PROBATION-FIRESTONE AREA OFFICE	8526 S GRAPE ST, LOS ANGELES 90001	15431	10475	OWNED	NONE
0017	PW ROAD-DIV #141/241 MAINTENANCE YARD OFFICE	2120 E 90TH ST, LOS ANGELES 90002	1000	900	OWNED	NONE
0018	PW ROAD-DIV #141/241 MAINTENANCE YARD OFFICE	2120 E 90TH ST, LOS ANGELES 90002	600	540	OWNED	NONE
X351	CENTURY DETENTION-DETENTION ADMINISTRATION	11705 S ALAMEDA ST, LYNWOOD 90262	20706	17600	FINANCED	NONE
X349	LYNWOOD REGIONAL JUSTICE CENTER COURT(CLOSED)	11701 S ALAMEDA ST, LYNWOOD 90262	62078	53480	FINANCED	40351
5934	PUBLIC LIBRARY-LELAND R WEAVER LIBRARY	4035 TWEEEDY BLVD, SOUTH GATE 90280	19461	16955	OWNED	NONE
6723	PUBLIC LIBRARY-LYNWOOD LIBRARY	11320 BULLIS RD, LYNWOOD 90262	11722	10396	OWNED	NONE
Y460	DPSS-CUDAHY A/P DISTRICT OFFICE	8130 S ATLANTIC AVE, CUDAHY 90201	30873	24212	OWNED	NONE
A680	PUBLIC LIBRARY-CUDAHY LIBRARY	5218 SANTA ANA ST, CUDAHY 90201	4396	3332	LEASED	NONE
F322	PW FLOOD-IMPERIAL YARD OFFICE	5525 E IMPERIAL HWY, SOUTH GATE 90280	1440	1296	PERMIT	NONE
F325	PW FLOOD-IMPERIAL YARD OFFICE	5525 E IMPERIAL HWY, SOUTH GATE 90280	2600	2340	PERMIT	NONE
F326	PW FLOOD-IMPERIAL YARD OFFICE	5525 E IMPERIAL HWY, SOUTH GATE 90280	800	720	PERMIT	NONE
0055	PW ROAD-HOLLYDALE YARD TREE CREW OFFICE	11282 GARFIELD AVE, DOWNEY 90242	1092	983	OWNED	NONE
0051	PW ROAD-MAINTENANCE DISTRICT NO.4 OFFICE	11282 GARFIELD AVE, DOWNEY 90242	3100	2790	OWNED	NONE
6467	AG COMM/WTS MEAS-SOUTH GATE ADMINISTRATION	11012 GARFIELD AVE, SOUTH GATE 90280	21902	15325	OWNED	NONE
X998	LOS PADRINOS JUVENILE COURTHOUSE-1	7281 E QUILL DR, DOWNEY 90242	47231	24470	OWNED	NONE
A755	PUBLIC LIBRARY-ADMINISTRATION HEADQUARTERS	7400 E IMPERIAL HWY, DOWNEY 90242	68000	55733	FINANCED	NONE
4238	ANIMAL CONTROL #1-DOWNEY SHELTER ADMIN BLDG	11258 GARFIELD AVE, DOWNEY 90242	4257	2772	OWNED	NONE
1203	DHS-PUBLIC HEALTH FACILITIES BUILDING 301/302	12838 ERICKSON AVE, DOWNEY 90242	19575	12170	OWNED	NONE
A308	PUBLIC LIBRARY-BELL GARDENS LIBRARY	7110 GARFIELD AVE, BELL GARDENS 90201	5000	4213	PERMIT	NONE
5028	DHS-PUBLIC HEALTH LABORATORIES BUILDING 1100	12730 ERICKSON AVE, DOWNEY 90242	38229	19996	OWNED	NONE
D600	DOWNEY COURTHOUSE	7500 E IMPERIAL HWY, DOWNEY 90242	103502	78996	FINANCED	NONE
1100	PUBLIC SAFETY-HEADQUARTERS/HEALTH SVCS BUREAU	7601 E IMPERIAL HWY, DOWNEY 90242	15482	9221	OWNED	NONE
1379	RANCHO-AUTO SHED (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	3520	2731	OWNED	2731
2434	RANCHO-BLDG 300-HUT STORAGE #1 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	1152	1000	OWNED	1000
2435	RANCHO-BLDG 300-HUT STORAGE #2 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	1239	1000	OWNED	1000
2436	RANCHO-BLDG 300-HUT STORAGE #3 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	1119	683	OWNED	683
2437	RANCHO-BLDG 300-HUT STORAGE #4 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	1152	973	OWNED	973
1264	RANCHO-BONITA HALL (REHAB ENGINEERING)	7601 E IMPERIAL HWY, DOWNEY 90242	6612	3426	OWNED	NONE
0138	RANCHO-BUILDING 700 MODULAR ANNEX	7601 E IMPERIAL HWY, DOWNEY 90242	5665	4622	OWNED	NONE
0139	RANCHO-BUILDING 800 MODULAR ANNEX	7601 E IMPERIAL HWY, DOWNEY 90242	5700	4470	OWNED	NONE
0140	RANCHO-BUILDING 900 ANNEX 'A'	7601 E IMPERIAL HWY, DOWNEY 90242	5700	4931	OWNED	NONE
0141	RANCHO-BUILDING 900 ANNEX 'B'	7601 E IMPERIAL HWY, DOWNEY 90242	5700	5307	OWNED	NONE
1205	RANCHO-BUILDINGS 303/304 KINESIOLOGY (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	25689	15462	OWNED	15462
2892	RANCHO-BUILDINGS 605/606	7601 E IMPERIAL HWY, DOWNEY 90242	15658	12249	OWNED	NONE
1245	RANCHO-CARDIOLOGIST'S OFFICE (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	1024	915	OWNED	915
1275	RANCHO-CARPENTER SHOP/CRAFTS OFFICES (UNUSED)	12925 JUNIPER ST, DOWNEY 90242	11624	7972	OWNED	7972
1238	RANCHO-CASA CONSUELO (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	41643	22713	OWNED	22713
1196	RANCHO-CLASSROOM BUILDING/ BLDG 208 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	6245	4427	OWNED	4427
1194	RANCHO-DIETARY OFFICE/BUILDING 206 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	6245	4231	OWNED	4231
1121	RANCHO-EMPLOYEE CHILD CARE/ SCHOOL (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	1400	1100	OWNED	1100
1123	RANCHO-EMPLOYEES CHILD CARE CENTER (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	1408	1185	OWNED	1185
1241	RANCHO-FORMER WOMENS GYM STORAGE (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	1040	592	OWNED	592
1189	RANCHO-GENERAL SERVICES/BLDG 201 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	7271	4668	OWNED	4668
1180	RANCHO-HARRIMAN BUILDING 400 - ADMINISTRATION	7601 E IMPERIAL HWY, DOWNEY 90242	85879	39682	OWNED	NONE
1199	RANCHO-HISTOPATHOLOGY LAB/BLDG 311 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	6381	4647	OWNED	4647
1254	RANCHO-HOSPITAL LANDSCAPE CONTRACTOR'S OFFICE	7601 E IMPERIAL HWY, DOWNEY 90242	2663	2045	OWNED	2045
3385	RANCHO-HOSPITAL OFFICE BLDG 500,501,502 & 503	7601 E IMPERIAL HWY, DOWNEY 90242	88104	63850	FINANCED	NONE
1190	RANCHO-HOUSEKEEPING/ BUILDING 202 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	6219	4661	OWNED	4661
0954	RANCHO-LUMBER STORAGE BUILDING (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	2611	2522	OWNED	2522
1290	RANCHO-MACHINE SHOP STORAGE (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	1980	1931	OWNED	1931
1302	RANCHO-MECHANICAL SHOPS (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	13964	11075	OWNED	11075

1198	RANCHO-NURSING EDUCATION/BLDG 210 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	6462	3955	OWNED	3955
1195	RANCHO-NURSING STORAGE/BUILDING 207 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	6325	4724	OWNED	4724
1260	RANCHO-OFFICE EQUIPMENT WAREHOUSE (CLOSED)	7601 E IMPERIAL HWY, DOWNEY 90242	10120	7816	OWNED	7816
1991	RANCHO-PROPERTY WAREHOUSE (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	2121	2000	OWNED	2000
1191	RANCHO-PURCHASING OFFICE/ BLDG 203 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	6339	4055	OWNED	4055
1193	RANCHO-RECREATION SERVICES/ BLDG 205 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	6245	4518	OWNED	4518
1259	RANCHO-SIGN SHOP (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	2280	1676	OWNED	1676
1192	RANCHO-SNACK BAR #1/ BUILDING 204 (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	6325	4299	OWNED	4299
5342	RANCHO-SOILED LINEN ROOM (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	936	824	OWNED	824
1992	RANCHO-SOUTHWEST CLUSTER HOUSEKEEPING	7601 E IMPERIAL HWY, DOWNEY 90242	1279	850	OWNED	NONE
X238	RANCHO-SUPPORT SERVICES ADMINISTRATION BLDG	7601 E IMPERIAL HWY, DOWNEY 90242	66200	56002	FINANCED	NONE
1267	RANCHO-TRANSPORTATION OFFICE (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	3542	2860	OWNED	2860
1283	RANCHO-TRUNK STORAGE/OFFICE (UNUSED)	7601 E IMPERIAL HWY, DOWNEY 90242	8526	4446	OWNED	4446
6319	PUBLIC LIBRARY-A C BILBREW LIBRARY	150 E EL SEGUNDO BLVD, LOS ANGELES 90061	21843	18287	OWNED	NONE
4403	SOUTH SERVICES AGENCY-ADMINISTRATION BUILDING	360 W EL SEGUNDO BLVD, LOS ANGELES 90061	2584	1901	OWNED	NONE
T517	SOUTH SERVICES AGENCY-PARK RESERVATION OFFICE	360 W EL SEGUNDO BLVD, LOS ANGELES 90061	1144	687	OWNED	NONE
A552	DCSS-WILLOWBROOK ONE-STOP CAREER CENTER	12700 AVALON BLVD, LOS ANGELES 90061	24706	23471	LEASED	NONE
6465	DCSS-WILLOWBROOK SENIOR CENTER	12915 S JARVIS AVE, LOS ANGELES 90061	12858	8670	OWNED	NONE
0370	COMPTON AIRPORT-ADMIN BUILDING-8	901 W ALONDRA BLVD, COMPTON 90220	2880	2592	OWNED	NONE
A561	DHS-DOLLARHIDE HEALTH CENTER (P/PP SITE)	1108 N OLEANDER AVE, COMPTON 90222	4685	2537	LEASED	NONE
6420	COMPTON COURTHOUSE	200 W COMPTON BLVD, COMPTON 90220	576467	205939	OWNED	NONE
5982	PUBLIC LIBRARY-COMPTON LIBRARY	240 W COMPTON BLVD, COMPTON 90220	43842	15830	OWNED	NONE
T402	DHS-COMPTON HEALTH CENTER ANNEX(PENDING SALE)	300 E ROSECRANS AVE, COMPTON 90220	960	897	OWNED	897
A556	DMH/DC&FS-COMPTON FAMILY SERVICES CENTER	921 E COMPTON BLVD, COMPTON 90221	60180	57172	LEASED	NONE
X169	DPSS-COMPTON AP DISTRICT OFFICE	211 E ALONDRA BLVD, COMPTON 90220	48135	38777	OWNED	NONE
C600	DPSS-SOUTH FAMILY AP/SPECIAL DISTRICT OFFICES	17600 A/B S SANTA FE AVE, RANCHO DOMINGUEZ 90221	133000	103324	LEASED	NONE
A620	PUBLIC LIBRARY-EAST RANCHO DOMINGUEZ LIBRARY	4205 E COMPTON BLVD, RANCHO DOMINGUEZ 90221	5000	4529	LEASED	NONE
A560	DCSS-EAST RANCHO DOMINGUEZ SERVICE CENTER	4513 E COMPTON BLVD, RANCHO DOMINGUEZ 90221	4436	3188	LEASED	NONE
A136	FIRE-PARAMOUNT HAZARDOUS MATERIALS DIV OFFICE	7300 E ALONDRA BLVD, PARAMOUNT 90723	1928	1830	LEASED	NONE
D980	PUBLIC LIBRARY-HOLLYDALE LIBRARY	12000 GARFIELD AVE, SOUTH GATE 90280	4800	4440	LEASED	NONE
Y216	PUBLIC LIBRARY-PARAMOUNT LIBRARY	16254 COLORADO AVE, PARAMOUNT 90723	8750	7426	OWNED	NONE
4479	ANIMAL CONTROL #3-ADMINISTRATION BUILDING	216 W VICTORIA ST, CARSON 90248	1495	704	OWNED	NONE
6087	PUBLIC LIBRARY-VICTORIA PARK LIBRARY	17906 S AVALON BLVD, CARSON 90746	5024	4084	OWNED	NONE
A959	DPSS-PARAMOUNT AP DISTRICT/GAIN PROGRAM REG V	2959 E VICTORIA ST, RANCHO DOMINGUEZ 90221	54000	44280	LEASED	NONE
A020	SHERIFF-FIELD OPERATIONS REGION II	3010 E VICTORIA ST, RANCHO DOMINGUEZ 90221	14040	10668	LEASED	NONE
A350	DEPT OF ANIMAL CARE AND CONTROL HEADQUARTERS	5898 CHERRY AVE, LONG BEACH 90808	12450	9897	OWNED	NONE

**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AGREEMENT**

DEPARTMENT: Mental Health, as Tenant

LANDLORD: 2K.A.Koob, LLC,

546 West Compton Boulevard, Compton

TABLE OF CONTENTS

	<u>Page</u>
1. BASIC LEASE INFORMATION	1
(a) <u>Landlord's Address for Notice:</u>	1
(b) <u>Tenant's Address for Notice:</u>	1
(c) <u>Premises:</u>	1
(d) <u>Building:</u>	1
(e) <u>Term:</u>	1
(f) <u>Projected Commencement Date:</u>	2
(g) <u>Commencement Date:</u>	2
(h) <u>Irrevocable Offer Expiration Date:</u>	2
(i) <u>Basic Rent:</u>	2
(j) <u>Early Termination Notice Date:</u>	2
(k) <u>Rentable Square Feet in the Premises:</u>	2
(l) <u>Use:</u>	2
(m) <u>Initial Departmental Use:</u>	2
(n) <u>Parking Spaces:</u>	2
(o) <u>Normal Working Hours:</u>	2
(p) <u>Asbestos Report:</u>	3
1.2 <u>Defined Terms Relating to Landlord's Work Letter</u>	3
(a) <u>Base Tenant Improvement Allowance</u>	3
(b) <u>Additional Tenant Improvement Allowance</u>	3
(c) <u>Maximum Change Order Allowance</u>	3
(d) <u>Additional Tenant Improvement and Change Order Amortization Rate:</u>	3

(e) <u>Basic Rent Reduction</u>	3
(f) <u>Tenant's Work Letter Representative</u>	3
(g) <u>Landlord's Work Letter Representative</u>	3
(h) <u>Landlord's Address for Work Letter Notice</u>	3
(i) <u>Tenant's Address for Workletter Notice</u>	3
1.3 <u>Exhibits to Lease</u> :.....	4
1.4 <u>Landlord's Work Letter</u> :	4
1.5 <u>Supplemental Lease Documents</u> :	4
2. PREMISES	4
3. COMMON AREAS	5
4. COMMENCEMENT AND EXPIRATION DATES.....	5
5. RENT	6
6. USES	6
7. HOLDOVER.....	6
8. COMPLIANCE WITH LAW	6
9. DAMAGE OR DESTRUCTION.....	6
10. REPAIRS AND MAINTENANCE	7
11. SERVICES AND UTILITIES	9
(a) <u>HVAC</u>	9
(b) <u>Electricity</u>	9
(c) <u>Elevators</u>	9
(d) <u>Water</u>	9
(e) <u>Janitorial</u>	9
(f) <u>Access</u>	9
12. LANDLORD ACCESS	9

13.	TENANT DEFAULT.	9
14.	LANDLORD DEFAULT.	10
	(a) <u>Remedies</u>	10
	(b) <u>Waiver</u>	10
	(c) <u>Emergency</u>	11
15.	ASSIGNMENT AND SUBLETTING	11
16.	ALTERATIONS AND ADDITIONS.....	11
17.	CONDEMNATION.....	11
18.	INDEMNIFICATION.....	12
19.	INSURANCE.....	13
20.	PARKING.....	14
21.	ENVIRONMENTAL MATTERS	15
22.	ESTOPPEL CERTIFICATES	15
23.	TENANT IMPROVEMENTS	16
24.	LIENS	16
25.	SUBORDINATION AND MORTGAGES	16
26.	SURRENDER OF POSSESSION	16
27.	SIGNAGE	17
28.	QUIET ENJOYMENT.....	17
29.	GENERAL.....	17
30.	AUTHORITY	18
31.	ACKNOWLEDGEMENT BY LANDLORD.....	19
32.	IRREVOCABLE OFFER.....	21
33.	OPTION TO EXTEND.....	21

COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AGREEMENT

THIS LEASE is entered into as of the _____ day of _____, 200_ between 2 K.A. KOOB, LLC ("Landlord"), and COUNTY OF LOS ANGELES, a body politic and corporate ("Tenant").

Landlord and Tenant agree:

1. BASIC LEASE INFORMATION. The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

- | | |
|---|---|
| (a) <u>Landlord's Address for Notice:</u> | <u>Mr. Kavos Ahankoob</u>
<u>4634 Saloma Avenue</u>
<u>Sherman Oaks, CA 91403</u> |
| (b) <u>Tenant's Address for Notice:</u> | Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012 |
| | With a copy to:
Chief Administrative Office
Real Estate Division
222 South Hill Street, 3 rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 217-4971 |
| (c) <u>Premises:</u> | Approximately 4,207 rentable square feet comprising the entire Building (defined below) as shown on <u>Exhibit A</u> attached hereto. |
| (d) <u>Building:</u> | The building located at 546 West Compton Boulevard, Compton, CA which is located upon the real property described more particularly in <u>Exhibit B</u> attached hereto (the "Property"); |
| (e) <u>Term:</u> | Five years commencing 30 days after Tenant's Acceptance of the Premises as defined in |

Section 4(a) (the "Commencement Date"); and terminating at midnight on the day before the fifth anniversary of the Commencement Date (the "Termination Date"), subject to earlier termination by Tenant as provided herein. The phrase "Term of this Lease" or "the Term hereof" as used in this Lease, or words of similar import, shall refer to the initial Term of this Lease together with any additional Extension Term for which an option has been validly exercised.

- (f) Projected Commencement Date: March 1, 2007
- (g) Commencement Date: See Section 4(a)
- (h) Irrevocable Offer Expiration Date: January 1, 2007
- (i) Basic Rent: \$8,414 per month for months one through 30, and \$8,834.70 per month for months 31 through 60 (which is based upon a rental rate of \$2.00 and \$2.10 per rentable square foot per month, respectively (adjustable only as provided in Section 2(b) hereof.))
- (j) Early Termination Notice Date: At or after the last day of the 36th full calendar month of the Term.
- (k) Rentable Square Feet in the Premises: 4,207
- (l) Use: General office use or for any other lawful purposes not incompatible with other uses in the Building.
- (m) Initial Departmental Use: Mental Health
- (n) Parking Spaces: 15
- (o) Normal Working Hours: 7:00 a.m. to 7:00 p.m., Monday through Friday and 9:00 a.m. to 2:00 p.m. Saturday, except New Year's Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, Christmas Day (on the days such holidays are generally observed) and such other holidays as are generally recognized by

the County of Los Angeles, California.

(p) Asbestos Report: Not Applicable.

1.2 Defined Terms Relating to Landlord's Work Letter

- (a) Base Tenant Improvement Allowance \$42,070 (i.e., \$10 per rentable square foot of the Premises)
- (b) Additional Tenant Improvement Allowance \$168,280 (i.e., \$40 per rentable square foot of the Premises)
- (c) Maximum Change Order Allowance \$25,000
- (d) Additional Tenant Improvement and Change Order Amortization Rate: 9% per annum
- (e) Basic Rent Reduction Not Applicable
- (f) Tenant's Work Letter Representative Nevin Harrison and/or an assigned staff person of the Chief Administrative Office-Real Estate Division to act on behalf of the Tenant.
- (g) Landlord's Work Letter Representative Kavooos Ahankoob or an assigned staff person of the Landlord.
- (h) Landlord's Address for Work Letter Notice See Section 1(a)
- (i) Tenant's Address for Work Letter Notice Board of Supervisors
Kenneth Hahn Hall of Administration,
Room 383
500 West Temple Street
Los Angeles, California 90012
- With a copy to:
Chief Administrative Office
Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Director of Real Estate
Fax Number: (213) 217-4971

- | | |
|--|---|
| <p>1.3 <u>Exhibits to Lease:</u></p> | <p>Exhibit A - Floor Plan of Premises
 Exhibit B- Legal Description of Property
 Exhibit C - Commencement Date
 Memorandum and Confirmation of Lease Terms
 Exhibit D - HVAC Standards
 Exhibit E - Cleaning and Maintenance Schedule</p> |
| <p>1.4 <u>Landlord's Work Letter:</u>
 (executed concurrently with this Lease and made a part hereof by this reference):</p> | <p>Landlord's Work Letter
 Addendum A: Base Building Improvements
 Addendum B: Tenant Improvements</p> |
| <p>1.5 <u>Supplemental Lease Documents:</u> (delivered to Landlord and made a part hereof by this reference):</p> | <p>Document I: Subordination, Non-disturbance and Attornment Agreement
 Document II: Tenant Estoppel Certificate
 Document III: Community Business Enterprises Form
 Document IV: Memorandum of Lease
 Document V: Request for Notice</p> |

2. PREMISES

(a) Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 and Exhibit A attached hereto.

(b) Tenant shall have the right within 90 days of approval of this Lease by the Board of Supervisors of the County of Los Angeles ("Board of Supervisors") to field-measure and verify the exact footage of the Premises and/or the Building All measurements shall be taken in accordance with the methods of measuring rentable/usable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association ("BOMA") International except that no penthouse mechanical room space shall be included in the measurement. Should this measurement be less than the square footage stated above, Tenant shall have the right to adjust such square footage and reduce the Basic Rent in Section 1 accomplished by the mutual execution of a memorandum of understanding between the Landlord and the Tenant. Landlord acknowledges the space has been marketed at the above-indicated rental amount and in the event of subsequent physical measurements, Landlord agrees there will be no adjustment made to either the square footage or the Basic Rent in the event the measured square footage exceeds the amount represented by Landlord. Should Landlord and Tenant not agree with respect to the results of the measurement conducted pursuant to this subsection (b) Landlord shall appoint an independent firm or person who is experienced in making such measurements whose determination with respect to which

measurement is correct shall be final and binding upon the parties. Landlord and Tenant shall share equally in the fees of such firm.

3. COMMON AREAS (INTENTIONALLY OMITTED).

4. COMMENCEMENT AND EXPIRATION DATES.

(a) Term. The term of this Lease shall commence upon the Commencement Date and terminate on the Termination Date. Within 30 days of determining the Commencement Date, Landlord and Tenant shall acknowledge in writing the Commencement Date by executing the Commencement Date Memorandum and Confirmation of Lease Terms attached as Exhibit C. The Commencement Date shall begin 30 days after Tenant's Acceptance of the Premises. The term "Tenant's Acceptance of the Premises" as used in this Lease shall mean the date upon which the Premises are Substantially Complete, Tenant has inspected the Premises and Tenant has accepted the Premises. The term "Substantially Complete" or "Substantial Completion" as used in this Lease shall mean compliance with all of the following: (1) the shell and core of the Building are complete and in compliance with all applicable laws and codes, and all of the building systems are operational to the extent necessary to service the Premises; (2) Landlord has sufficiently completed all the work required to be performed by Landlord in accordance with this Lease, including the installation of modular furniture systems, if so required (except minor punch list items which Landlord shall thereafter promptly complete), such that Tenant can conduct normal business operations from the Premises; (3) Landlord has obtained a certificate of occupancy for the Building, or a temporary certificate of occupancy for that portion of the Building that includes all of the Premises, or its equivalent; (4) Tenant has been provided with the number of parking privileges and spaces to which it is entitled under this Lease; and (5) if Landlord is responsible for the installation of telecommunication systems, then such systems shall be completely operational.

(b) Termination Right. If the Commencement Date has not occurred within 90 days from the Projected Commencement Date, subject to Tenant Delays or Force Majeure Delays as provided in Landlord's Work Letter, which has been executed concurrently herewith, Tenant may thereafter, at any time before the Commencement Date occurs, terminate this Lease effective upon the giving of written notice to Landlord and the parties shall have no further obligations to one another hereunder.

(c) Early Possession. Tenant shall be entitled to possession of the Premises not less than 30 days prior to the Commencement Date for the purpose of installing Tenant's furniture, fixtures and equipment in the Premises. Such early occupancy shall be subject to all provisions hereof but shall not advance the Termination Date, and Tenant shall not pay Basic Rent for such early occupancy period.

(d) Early Termination. Tenant shall have the right to terminate this Lease at any time after the Early Termination Notice Date, as defined in Section 1, by giving Landlord not less than 120 days prior written notice executed by the Chief Administrative Officer of Tenant. In the event of such termination, Tenant shall pay Landlord a

termination fee in an amount equal to the amount not yet paid by Tenant under Sections 6.2 and 6.3 and 8 of the Landlord's Work Letter for of the Additional Tenant Improvement Allowance and Change Orders, if applicable, (as defined in the Landlord's Work Letter attached hereto), to be paid within 30 days after such termination.

5. RENT. Tenant shall pay Landlord the Basic Rent stated in Section 1 during the Term hereof within 15 days after a claim therefor for each such month has been filed by Landlord with the Auditor of the County of Los Angeles (the "County") prior to the first day of each month. Basic Rent for any partial month shall be prorated in proportion to the number of days in such month.

6. USES. The Premises are to be used only for the uses set forth in Section 1 and for no other business or purpose; however, Landlord shall not unreasonably withhold its consent to a change of use.

7. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the Term of this Lease, such occupancy shall be a tenancy which is terminable only upon 90 days written notice from Landlord or 60 days written notice from the Chief Administrative Officer of Tenant at the last monthly Basic Rent payable under this Lease (as such Basic Rent may be adjusted from time to time in accordance with this Lease) plus all other charges payable under this Lease, and subject to all of the terms, covenants and conditions of this Lease.

8. COMPLIANCE WITH LAW. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect during the term hereof, regulating the use, occupancy or improvement of the Premises by Tenant. Landlord, not Tenant, shall, at its sole cost, at all times cause the Premises to comply with all applicable statutes, ordinances, rules, regulations, orders and requirements in effect and binding upon Tenant or Landlord during the term hereof, including without limitation, the Americans with Disabilities Act, except to the extent such compliance is made necessary as a result of Tenant's particular use of or alterations or improvements to the Premises.

9. DAMAGE OR DESTRUCTION.

(a) Damage. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises may be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days, then Landlord shall promptly, at Landlord's expense, repair such damage and this Lease shall continue in full force and effect. If all or any portion of the Premises shall be made untenantable by fire or other casualty, Landlord shall immediately secure the area to prevent injury to persons and/or vandalism to the improvements. Landlord shall promptly, but in any event within ten days, cause an architect or general contractor selected by Landlord to provide Landlord and Tenant with a written estimate of the amount of time required to substantially complete the repair and restoration of the Premises and make the Premises tenantable again using standard working methods. The

failure to do so shall be a material Default hereunder. Basic Rent shall abate to the extent that the Premises are unusable by Tenant. Tenant waives the provisions of California Civil Code Sections 1932(2) and 1933(4) with respect to any partial or total destruction of the Premises.

(b) Tenant Termination Right. In the event any portion of the Premises is damaged by fire or any other cause rendering the Premises totally or partially inaccessible or unusable and the Premises will not be restored to a complete architectural unit of the same value, condition and character that existed immediately prior to such casualty in less than 180 days for any reason, then Tenant may terminate this Lease by giving written notice within ten days after notice from Landlord specifying such time period of repair; and this Lease shall terminate and the Basic Rent shall be abated from the date the Premises became untenable. In the event that Tenant does not elect to terminate this Lease, Landlord shall promptly commence and diligently prosecute to completion the repairs to the Building or Premises, provided insurance proceeds are available to repair the damages.

(c) Damage In Last Year. Notwithstanding the foregoing provisions, if any material destruction to the Premises occurs during the last year of the Term, either Landlord or Tenant may terminate this Lease by giving notice to the other not more than 30 days after such destruction, in which case (a) Landlord shall have no obligation to restore the Premises, (b) Landlord may retain all insurance proceeds relating to such destruction, and (c) this Lease shall terminate as of the date which is 30 days after such written notice of termination.

(d) Default By Landlord. If Landlord is required to repair and restore the Premises as provided for in this Section and Landlord should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Tenant may (a) declare a default hereunder or (b) perform or cause to be performed the restoration work and deduct the cost thereof plus interest thereon at ten percent (10%) per annum, from the Basic Rent next due as a charge against the Landlord.

10. REPAIRS AND MAINTENANCE.

(a) Landlord Representations. Landlord represents to Tenant that (i) the Premises (including electrical, heating, ventilating and air conditioning ("HVAC"), mechanical, plumbing, gas and fire/life safety systems in the Building and similar building service systems) complies with all current laws, codes, and ordinances, including use the Americans With Disabilities Act; and are in reasonable good working order and condition; (ii) the Premises complies with all covenants, conditions, restrictions and underwriter's requirements; and (iii) the Premises is free of the presence of any Hazardous Materials (as hereinafter defined) and (iv) Landlord has not received any notice from any governmental agency that the Premises is in violation of any law or regulation. Landlord represents, based upon a professional inspection of the Premises and the Asbestos Report that the Premises contains no asbestos containing materials (other than as may be reflected in the Asbestos Report). Landlord shall, prior to Tenant's occupancy, abate, at Landlord's sole cost and expense, all asbestos containing materials to

the extent required by law and provide Tenant with an updated report from a licensed California Asbestos contractor to that effect.

(b) Landlord Obligations. Landlord shall keep and maintain in good repair and working order and promptly make repairs to and perform maintenance upon and replace as needed: (i) the structural elements of the Building, including without limitation, all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, stairways, concealed electrical systems and telephone intrabuilding network cable (ii) mechanical (including HVAC), electrical, plumbing and fire/life safety systems serving the Building (iii) exterior windows of the Building; and (iv) elevators serving the Building. Landlord, at its sole cost and expense, shall also perform all maintenance and repairs to the Premises, and shall keep the Premises in good condition and repair, reasonable wear and tear excepted. Landlord's repair obligations include, without limitation, repairs to: (1) the floor covering (if such floor covering is carpeting it shall be replaced as needed but not less often than after five years of use); (2) interior partitions; (3) doors; (4) the interior side of demising walls (which shall be repainted as needed but not less often than every five years and (5) signage. Without limiting the foregoing, Tenant shall, at Tenant's sole expense, be responsible for the cost of repairing any area damaged by Tenant or Tenant's agents, employees, invitees and visitors and the repair of low voltage electronic, phone and data cabling and related equipment that is installed by or for the exclusive benefit of Tenant. All repairs and replacements shall: (a) be made and performed by contractors or mechanics approved by Tenant, which consent shall not be unreasonably withheld or delayed, (b) be at least equal in quality, value and utility to the original work or installation, and (c) be in accordance with all laws.

(c) Tenant's Right to Repair. If Tenant provides written notice (or oral notice in the event of an emergency such as damage or destruction to or of any portion of the Building structure and/or the Building systems and/or anything that could cause material disruption to Tenant's business) to Landlord of an event or circumstance which requires the action of Landlord with respect to repair and/or maintenance, and Landlord fails to provide such action within a reasonable period of time, given the circumstances, after the giving of such notice, but in any event not later than five days after the giving of such notice, then Tenant may proceed to take the required action (provided, however, that no such notice shall be required in the event of an emergency which threatens life or where there is imminent danger to property or a possibility that a failure to take immediate action could cause a material disruption in Tenant's normal and customary business activities). Tenant shall have access to the Building to the extent necessary to perform the work contemplated by this provision. If such action was required under the terms of this Lease to have been taken by Landlord and was not taken by Landlord within such period (unless such notice was not required as provided above), and Tenant took such required action, then Tenant shall be entitled to prompt reimbursement by Landlord of Tenant's reasonable costs and expenses in having taken such action plus interest thereon at ten percent (10%) per annum. If not reimbursed by Landlord within ten days, Tenant shall be entitled to deduct from Basic Rent payable by Tenant under this Lease the amount set forth in its invoice for such work. The remedies provided in this Section are in addition to the remedies provided in Section 14.

11. SERVICES AND UTILITIES.

Landlord shall furnish the following services and utilities to the Premises which utilities have or will be separately metered by the Landlord and shall be paid for by the Tenant:

(a) HVAC. Landlord shall furnish heating, ventilation and air conditioning ("HVAC"), during Normal Working Hours in amounts required for the use and occupancy of the Premises for normal office purposes to a standard comparable to other first-class buildings and not less than the standard set forth in Exhibit D attached hereto.

(b) Electricity. Landlord shall furnish to the Premises the amount of electric current provided for in the Working Drawings (if applicable) but in any event not less than seven watts of electric current (connected load) per square foot of Rentable Square Feet in the Premises, for power and lighting and electric current for HVAC, and Landlord shall provide the existing or new transformers or subpanels on each floor of the Premises necessary for Tenant to utilize such capacity in the Premises.

(c) Elevators. (Intentionally Omitted)

(d) Water. Landlord shall make available water for normal lavatory and potable water meeting all applicable governmental standards for drinking purposes in the Premises.

(e) Janitorial. Landlord shall provide exterior maintenance and janitorial services on five nights per week generally consistent with that furnished in comparable office buildings in the County of Los Angeles, but not less than the services set forth in the specifications set forth in Exhibit E attached hereto.

(f) Access. Landlord shall furnish to Tenant's employees and agents access to the Premises on a seven day per week, 24 hour per day basis, subject to compliance with such reasonable security measures as shall from time to time be in effect for the Building.

12. LANDLORD ACCESS. Tenant shall permit Landlord and its agents to enter the Premises upon prior written notice for the purpose of inspecting the Premises for any reasonable purpose. If Landlord temporarily closes any portion of the Premises, Basic Rent shall be prorated based upon the percentage of the Premises or Building rendered untenable and not used by Tenant. Landlord shall have the right at any and all times to enter the Premises in the event of an emergency.

13. TENANT DEFAULT.

(a) Default. The occurrence of any one or more of the following events (a "Default") shall constitute a material default and breach of this Lease by Tenant:

(i) the failure by Tenant to make any payment of Basic Rent or any other payment required to be made by Tenant hereunder (except to the extent an offset is expressly permitted hereunder), as and when due and if the failure continues for a period of ten days after written notice to Tenant;

(ii) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of this Lease, where such failure shall continue for a period of 30 days after written notice from Landlord specifying in detail the nature of the default; provided, however, if more than 30 days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently prosecutes such cure to completion.

(b) Termination. Tenant agrees that if a Default should occur and should not be cured within the time periods set forth above, it shall be lawful for Landlord to terminate this Lease upon the giving of written notice to Tenant. In addition thereto, Landlord shall have such other rights or remedies as may be provided by law.

(c) No Effect on Indemnity. Nothing in this Article shall be deemed to affect either Landlord or Tenant's right to indemnification under any indemnification clause or clauses set forth in this Lease.

14. LANDLORD DEFAULT.

(a) Remedies. In addition to the provisions for Landlord's default provided by Sections 9(d), 10(c) 19 and 20(b), Landlord shall be in default in the performance of any obligation required to be performed by Landlord under this Lease if Landlord has failed to perform such obligation within five days after the giving of written notice with respect thereto by Tenant (which notice shall be, if appropriate, the same notice given under Section 10(c)) ; provided, however, that if the nature of such default is such that the same cannot reasonably be cured within such five day period, Landlord shall not be deemed to be in default if Landlord shall within such period commence such cure and thereafter diligently prosecute the same to completion. If the default by Landlord ("Landlord Default") is of such a nature that it materially and substantially interferes with Tenant's occupancy and use of the Premises and if such Landlord Default is not cured within the foregoing cure period, then Tenant shall have the right, at its option, with or without further notice or demand of any kind to Landlord or any other person, to any one or more of the following described remedies in addition to all other rights and remedies provided at law or in equity or elsewhere herein: (i) to remedy such default or breach and deduct the costs thereof (including but not limited to attorneys' fees) plus interest at the rate of ten (10%) per annum from the installments of Basic Rent next falling due; (ii) to pursue the remedy of specific performance; (iii) to seek money damages for loss arising from Landlord's failure to discharge its obligations under this Lease or offset such damages against Basic Rent next coming due; and/or (iv) to terminate this Lease.

(b) Waiver. Nothing herein contained shall relieve Landlord from its duty to effect the repair, replacement, correction or maintenance required to restore any

affected services, or to perform any other obligations to the standard prescribed in this Lease, nor shall this Section be construed to obligate Tenant to undertake any such work.

(c) Emergency. Notwithstanding the foregoing cure period, Tenant may cure any default without notice where the failure promptly to cure such default would, in the reasonable opinion of Tenant, create or allow to persist an emergency condition or materially and adversely affect the operation of Tenant's business in the Premises.

15. ASSIGNMENT AND SUBLETTING. Tenant may assign, mortgage, encumber or otherwise transfer this Lease or sublet the whole or any part of the Premises without first obtaining Landlord's prior consent: provided, however, no such assignment, subletting or other transfer shall relieve Tenant of any liability under this Lease unless Landlord has given its written consent thereto, which Landlord shall not unreasonably withhold if the assignee has a financial condition which is reasonably sufficient for it to be responsible for all future obligations under this Lease.

16. ALTERATIONS AND ADDITIONS.

(a) Landlord Consent. Tenant shall not make any structural alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed. However, Landlord's consent shall not be required for any Alteration that satisfies all of the following criteria: (1) complies with all Laws; (2) is not visible from the exterior of the Building; and (3) will not materially affect the systems or structure of the Building. If Landlord fails to respond in writing within 30 days of such request, Landlord shall be deemed to approve the Alterations.

(b) End of Term. Any Alterations not removed by Tenant shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Term.

17. CONDEMNATION.

(a) Controlling Terms. If during the Term, or during the period of time between the execution of this Lease and the Commencement Date, there is any taking of all or any part of the Premises or any interest in this Lease by Condemnation (as defined below), this Section shall determine the rights and obligations of Tenant and Landlord. "Condemnation" shall mean the exercise of any governmental power to take title to any portion of the Premises, whether by legal proceedings or otherwise, by a Condemnor (as defined below) or a voluntary sale or transfer by Landlord to any Condemnor, either under threat of a Condemnor's exercise of such power or while legal proceedings are pending for the exercise of such power. "Condemnor" shall mean any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

(b) Total Taking. If the Premises are totally taken by Condemnation, this Lease shall terminate on the date the Condemnor has a right to possession of the Premises (the "Date of Taking").

(c) Partial Taking. If any portion, but not all, of the Premises is taken by Condemnation, this Lease shall remain in effect, except that Tenant may elect to terminate this Lease if, in Tenant's reasonable judgment, the remaining portion of the Premises (including the space available for parking) is rendered unsuitable for Tenant's continued use of the Premises. If Tenant elects to so terminate this Lease, Tenant must exercise its right to terminate by giving notice to Landlord within 30 days after the date that the nature and the extent of the Condemnation have been determined (the "Determination Date"), which notice shall set forth the date of termination. Such termination date shall not be earlier than 30 days nor later than 90 days after Tenant has notified Landlord of its election to terminate; except that this Lease shall terminate on the Date of Taking if the Date of Taking falls on a date before the date of termination as designated by Tenant. If Tenant does not so notify Landlord within 30 days after the Determination Date, all obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated.

(d) Restoration. Notwithstanding the preceding paragraph, if, within 30 days after the Determination Date, Landlord notifies Tenant that Landlord at its cost will add to the remaining Premises so that the area of the Premises and the space available for parking, will be substantially the same after the Date of Taking as they were before the Date of Taking, and Landlord commences the restoration promptly and, subject to reasonable allowance for delays that are not caused by Landlord, completes it within 90 days after Landlord so notifies Tenant, this Lease shall continue in effect. All obligations of Tenant under this Lease shall remain in effect, except that Basic Rent shall be equitably abated or reduced during the period from the Date of Taking until the completion of such restoration.

(e) Award. The Award (as defined below) shall be divided between Landlord and Tenant as their respective interests may appear. "Award" shall mean all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation of the Premises.

(f) Waiver of Statute. Landlord and Tenant hereby waive the provision of California Code of Civil Procedure Section 1265.130 allowing Landlord or Tenant to petition the superior court to terminate this Lease in the event of a partial taking of the Premises.

18. INDEMNIFICATION.

(a) Tenant's Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act or omission or willful misconduct of Tenant or its employees, or arising from any breach or default under this Lease by

Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees or invitees.

(b) Landlord's Indemnity. Landlord shall indemnify, defend and hold Tenant harmless from and against all loss, cost and expense, including attorneys' fees, arising from any injury or damage to any person or property, occurring in or about the Building or Premises as a result of any negligent act, omission or willful misconduct of Landlord, or its officers, contractors, licensees, agents, employees, guests, or visitors, or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused by the negligence or willful misconduct of Tenant, or its officers, contractors, licensees, agents, employees or invitees.

19. INSURANCE.

(a) Landlord's Insurance. During the term of this Lease, Landlord shall maintain the following insurance:

(i) Commercial property insurance which shall (1) cover damage to Landlord's property, including improvements and betterments, from perils covered by the causes-of-loss special form (ISO form CP 10 30), and include ordinance or law coverage (and coverage against acts of terrorism to the extent such coverage is reasonably available and priced at commercially reasonable rates) and (2) be written for full replacement cost of the property, with a deductible of no greater than 5% of the property value. Landlord shall carry insurance on any furniture and furnishings which will become the property of Tenant at the expiration of the Term and on all modular furniture installed in the Premises. Insurance proceeds shall be payable to Landlord and Tenant as their interests may appear and be utilized for repair and restoration of the Premises.

(ii) General liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following: (1) per occurrence and general aggregate amount of \$5,000,000; (2) products/completed operations aggregate of \$2,000,000 and (3) personal and advertising injury of \$1,000,000.

(iii) Failure by Landlord to maintain the insurance required by this Section and deliver evidence thereof as required by this Lease or to use any insurance proceeds to timely repair and restore the Premises shall constitute a material breach of this Lease.

(b) Insurance Requirements. All insurance policies required to be maintained by Landlord under this Lease shall be issued by insurance companies which have a Best's Rating of "AVII" or better and which are qualified to do business in the State of California. All liability and property damage and other casualty policies of

Tenant shall be written as primary policies, not contributing with, and not in excess of coverage which Landlord may carry.

(c) Certificates. Landlord shall deliver to Tenant on the Commencement Date of this Lease and thereafter at least 15 days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. Certificates must document that each party has named the other as an additional insured (or its equivalent) on its general liability and property insurance policy, and that Tenant has been named a loss payee on Landlord's commercial property insurance policy, as required. Further, all certificates shall expressly provide that no less than 30 days' prior written notice shall be given to Tenant in the event of material change to, expiration or cancellation of the coverages or policies evidenced by the certificates.

(d) Waiver of Subrogation. Landlord and Tenant each hereby waive their rights of subrogation against one another to the extent it is covered by the property insurance policies required to be carried hereunder. Landlord shall cause its insurance carriers to consent to the foregoing waiver of rights of subrogation against Tenant.

20. PARKING.

(a) Tenant's Rights. Tenant shall have the right to the number of exclusive reserved parking stalls set forth in Section 1 without charge for the Term of this Lease. No tandem parking shall be permitted and Tenant shall be entitled to full in/out privileges. Tenant's parking rights shall be subject to reasonable parking rules and regulations adopted by Landlord from time to time, provided that such procedures shall be uniformly applied to all tenants. Tenant acknowledges that all other parking spaces are not for the exclusive use of Tenant, rather, all such parking spaces are to be used on a non-exclusive, first-come, first-served basis by Tenant and other tenants, occupants, licensees, invitees and permittees of the Building.

(b) Remedies. Landlord acknowledges that it is a material term of this Lease that Tenant receive all of the Parking Spaces to which it is entitled under this Lease for the entire Term of this Lease and that it would be impracticable and extremely difficult to fix the actual damages for a breach of such provisions. It is therefore agreed that if, for any reason whatsoever, a material number of the Parking Spaces required above are not available to Tenant, (in addition to the rights given to Tenant under Section 14 and Sections 9 and 17 in the event of casualty or condemnation) Tenant may (a) terminate this Lease by giving written notice of such termination to Landlord, which notice shall be effective thirty (30) days thereafter or (b) deduct from the Basic Rent thereafter accruing hereunder an amount each month equal to the Basic Rent times the percentage of Parking Spaces not so provided times 1.5 but such deduction from Basic Rent shall be not less than ten percent (10%) nor more than one hundred percent (100%).

21. ENVIRONMENTAL MATTERS

(a) Hazardous Materials. Tenant shall not cause nor permit, nor allow any of Tenant's employees, agents, customers, visitors, invitees, licensees, contractors, assignees or subtenants to cause or permit, any Hazardous Materials to be brought upon, stored, manufactured, generated, blended, handled, recycled, treated, disposed or used on, under or about the Premises, except for routine office and janitorial supplies in usual and customary quantities stored, used and disposed of in accordance with all applicable Environmental Laws. As used herein, "Hazardous Materials" means any chemical, substance, material, controlled substance, object, condition, waste, living organism or combination thereof, whether solid, semi solid, liquid or gaseous, which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosivity, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects, including, without limitation, molds, toxic levels of bacteria, tobacco smoke within the Premises, petroleum and petroleum products, asbestos, radon, polychlorinated biphenyls (PCBs), refrigerants (including those substances defined in the Environmental Protection Agency's "Refrigerant Recycling Rule," as amended from time to time) and all of those chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any Environmental Law based upon, directly or indirectly, such properties or effects. As used herein, "Environmental Laws" means any and all federal, state or local environmental, health and/or safety-related laws, regulations, standards, decisions of courts, ordinances, rules, codes, orders, decrees, directives, guidelines, permits or permit conditions, currently existing and as amended, enacted, issued or adopted in the future which are or become applicable to Tenant or the Premises.

(b) Landlord Indemnity. Landlord shall indemnify, protect, defend (by counsel acceptable to Tenant) and hold harmless Tenant from and against any and all claims, judgments, causes of action, damage, penalties, fine, taxes, costs, liabilities, losses and expenses arising at any time during or after the Term as a result (directly or indirectly) of or in connection with the presence of Hazardous Materials on, under or about the Premises or other violation of laws relating to Hazardous Materials other than caused by Tenant. This indemnity shall include, without limitation, the cost of any required or necessary repair, cleanup or detoxification, and the preparation and implementation of any closure, monitoring or other required plans, as such action is required by local or state laws or any governmental agency. Landlord shall promptly deliver to Tenant a copy of any notice received from any governmental agency during the Term of this Lease concerning the presence of Hazardous Materials on the Premises. Landlord's obligations pursuant to the foregoing indemnity shall survive the expiration or termination of this Lease. A default by Landlord under this Section shall constitute a material default under this Lease.

22. ESTOPPEL CERTIFICATES. Tenant shall, within 30 days after written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a written statement in the form of Document II in the Supplemental Lease Documents

delivered to Landlord concurrently herewith (properly completed) but shall have no other obligation to deliver any other form of estoppel certificate. It is intended that any such statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Landlord's interest or holder of any mortgage upon Landlord's interest in the Premises.

23. TENANT IMPROVEMENTS. Prior to the Commencement Date, Landlord shall construct the Tenant Improvements in the manner set forth in the Landlord's Work Letter executed by Landlord and Tenant concurrently herewith.

24. LIENS. Tenant shall keep its interest in this Lease and the Premises free from any liens arising out of any work performed or materials ordered or obligations incurred by Tenant. Landlord shall keep its interest in this Lease and the Premises free from any liens which would impair the interest of Tenant hereunder and hereby indemnifies and holds Tenant harmless from any liability or loss from any such lien.

25. SUBORDINATION AND MORTGAGES

(a) Subordination and Non-Disturbance. Tenant agrees, at Landlord's option, to subordinate this Lease to the lien of any mortgages or deeds of trust now or hereafter in force against the Building; provided, however, Tenant's obligation to subordinate this Lease is expressly conditioned upon Tenant receiving a written agreement in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith and provided further that no such subordination shall affect any option to extend the Term of this Lease, right of first offer to lease additional premises, option to purchase or right of first offer to purchase the Property which may be included herein.

(b) Existing Deeds of Trust. The beneficiary under any existing deed of trust affecting the Building shall provide a written agreement to Tenant in the form of Document I in the Supplemental Lease Documents delivered to Landlord concurrently herewith within 30 days after the execution of this Lease.

(c) Request for Notice. Landlord acknowledges that Tenant intends to record a Request for Notice with respect to any mortgages or deeds of trust affecting the Property in the form of Document V in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(d) Notice of Default. If any mortgagee or beneficiary under a deed of trust affecting the Property gives written notice of its name and address to Tenant by registered mail requesting any such notice with reference to this Section, Tenant agrees to use its best efforts (but without liability for failure to do so) to give such mortgagee a copy of any notice of Default served upon Landlord hereunder which could permit Tenant to terminate this Lease and an additional ten days within which to cure such Default.

26. SURRENDER OF POSSESSION. Subject to casualty, at the expiration of the Term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and

peacefully surrender the Premises to Landlord in a "broom-clean" condition. Tenant may (but shall not be required to) remove, at its own expense, all fixtures, equipment and all other personal property placed or installed in or upon the Premises by Tenant, or under its authority (including any modular furniture).

27. SIGNAGE. Tenant shall be permitted to install at the Premises reasonably appropriate signs that conform with any and all applicable laws and ordinances.

28. QUIET ENJOYMENT. So long as Tenant is not in default hereunder, Tenant shall have the right to the quiet and peaceful enjoyment and possession of the Premises during the Term of this Lease, subject to the terms and conditions of this Lease.

29. GENERAL

(a) Headings. Titles to Sections of this Lease are not a part of this Lease and shall have no effect upon the construction or interpretation of any part hereof.

(b) Successors and Assigns. All of the covenants, agreements, terms and conditions contained in this Lease shall inure to and be binding upon the Landlord and Tenant and their respective successors and assigns.

(c) Brokers. Landlord and Tenant each represent and warrant to each other that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease other than as disclosed to the other in writing and shall indemnify and hold harmless each other against any loss, cost, liability or expense incurred by the other party as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made in variance with this representation. If applicable, Tenant shall receive from Landlord or Landlord's broker, within ten days after the execution of this Lease, an amount equal to 50% of all commissions due to Landlord's broker as a result of the execution of this Lease.

(d) Entire Agreement. This Lease (and the Landlord's Work Letter and Supplemental Lease Documents) is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, to Tenant's use of the Building and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

(e) Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

(f) Notices. All notices and communications to any party hereunder shall be in writing and shall be deemed properly given if delivered personally, sent by registered or certified mail, postage prepaid, or by a recognized overnight commercial

messenger providing proof of delivery, facsimile (electronically confirmed) to Landlord's Address for Notice and Tenant's Address for Notice as set forth in Section 1. Any notice so given shall be deemed to have been given as of the date of delivery (whether accepted or refused) established by U.S. Post Office return receipt or the overnight carrier's proof of delivery, as the case may be. Any such notice not so given shall be deemed given upon receipt of the same by the party to whom the same is to be given.

(g) Governing Law and Forum. This Lease shall be governed by and construed in accordance with the internal laws of the State of California. Any litigation with respect to this Lease shall be conducted in the County of Los Angeles, State of California.

(h) Waivers. No waiver by Landlord or Tenant of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by Landlord or Tenant of the same or any other provision. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act by Landlord or Tenant.

(i) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(j) Consent. Whenever any consent is required by Landlord or Tenant hereunder, such consent shall not be unreasonably withheld, conditioned or delayed and, unless otherwise specifically provided herein, shall be deemed granted if not refused within ten (10) days after written request is made therefore, together with all necessary information.

(k) Community Business Enterprises Landlord shall complete and deliver to Tenant concurrently with the execution hereof a Community Business Enterprises form set forth as Document III in the Supplemental Lease Documents delivered to Landlord concurrently herewith.

(l) Memorandum of Lease If requested by Tenant, Landlord and Tenant shall execute and acknowledge a Memorandum of Lease in the form of Document IV in the Supplemental Lease Documents delivered to Landlord concurrently herewith, which Memorandum may be recorded by Tenant in the Official Records of Los Angeles County.

30. AUTHORITY. Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms. Landlord understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal board action.

No County officer, employee, agent or independent contractor has any authority to alter, add or delete the material terms of this Lease and Landlord may not rely upon any representations to the contrary. This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for Tenant Improvements or other project costs of Landlord which are subject to reimbursement by County. County shall not reimburse Landlord for any expenses which exceed this ceiling. Notwithstanding the foregoing, the Chief Administrative Officer of the County or its delegee (the "Chief Administrative Officer") may take any administrative act on behalf of Tenant hereunder which does not have the effect of increasing Basic Rent or other financial obligations of Tenant under this Lease, including without limitation, granting any approvals, terminating this Lease in the manner provided herein by an Early Termination Notice or otherwise, signing estoppel certificates, signing the Commencement Date Memorandum and Confirmation of Lease Terms or subordinating this Lease. Each individual executing this Lease on behalf of Landlord represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Landlord, and that this Lease is binding upon Landlord in accordance with its terms.

31. ACKNOWLEDGEMENT BY LANDLORD

Landlord acknowledges that it is aware of the following provisions:

(a) Consideration of GAIN Program Participants. Should Landlord require additional or replacement personnel after the effective date of this Lease, Landlord shall give consideration for any such employment, openings to participants in the County Department of Public Social Services' Greater Avenues for Independence ("GAIN") Program who meet Landlord's minimum qualifications for the open position. The County will refer GAIN participants by job category to Landlord.

(b) Solicitation of Consideration. It is improper for any County officer, employee or agent to solicit consideration in any form from a landlord with the implication, suggestion or statement that the landlord's provision of the consideration may secure more favorable treatment for the landlord in the award of the Lease or that landlord's failure to provide such consideration may negatively affect the County's consideration of the landlord's offer to lease. A landlord shall not offer or give, either directly or through an intermediary, consideration in any form to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the Lease.

Landlord shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the landlord's submission being eliminated from consideration.

(c) Landlord Assignment.

(i) Landlord may assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Landlord may execute any and all instruments providing for the payment of Basic Rent directly to an assignee or transferee, but only if the conditions set forth in this Section are met.

(ii) Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Landlord's right, title and interest in and to this Lease or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Section shall be void.

(iii) Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Lease or any portion thereof, without the prior written consent of the County.

(iv) Violation by Landlord of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Lease, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire Term of this Lease, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Lease or applicable law.

(v) Landlord shall give the County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of Basic Rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.

(vi) Landlord shall not furnish any information concerning County or the subject matter of this Lease (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of counsel for the County) to any person or entity, except with County's prior written consent. Landlord shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Landlord in violation of this Section.

(vii) The provisions of this Section shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Section Landlord is referred to, such reference shall be deemed to include Landlord's successors or assigns, and all covenants and agreements by or on behalf of Landlord herein shall bind and apply to Landlord's successors and assigns whether so expressed or not.

32. IRREVOCABLE OFFER. In consideration for the time and expense that Tenant will invest, including, but not limited to, preliminary space planning, legal review, and preparation and noticing for presentation to the Tenant Real Estate Management Commission of Los Angeles County (if required) in reliance on Landlord's agreement to lease the Premises to Tenant under the terms of this Lease, Landlord irrevocably offers to enter into this Lease and not to revoke this offer until the Irrevocable Offer Expiration Date, as defined in Section 1.

33. OPTION TO EXTEND.

(a) Terms of Option. Provided that no material Default has occurred and is continuing under the Lease at the time the option is exercised, Tenant shall have one option to renew this Lease for an additional period of three years (the "Extension Term").

(b) Exercise of Option. Tenant must exercise its option to extend this Lease by giving Landlord written notice of its intent to do so by Chief Administrative Office letter no later than 120 days prior to the end of the initial Term. The actual exercise of the option shall be only by the Board of Supervisors of the County of Los Angeles.

(c) Terms and Conditions of Extension Term. The Extension Term shall be on all the terms and conditions of this Lease, provided that Basic Rent for the Extension Term shall be the rate in effect during the last year of the original lease term, increased by \$.10 per rentable square foot (e.g. to \$2.20 per rentable square foot per month) for the remainder of the Extension Term.

IN WITNESS WHEREOF this Lease has been executed the day and year
first above set forth.

LANDLORD:

2K.A.Koob, LLC

By: 

Name: KAVOOS AHANKOOB

Its: MANAGER

By: _____

Name: _____

Its: _____

TENANT:

COUNTY OF LOS ANGELES

a body politic and corporate

By: _____

Name: _____

Chairman, Board of Supervisors

ATTEST:

Sachi A. Hamai

Executive Officer-Clerk
of the Board of Supervisors

By: _____

Deputy

APPROVED AS TO FORM:

Raymond G. Fortner, Jr.

County Counsel

By: 

Deputy: Amy M. Caves

Architectural floor plan of a building with various rooms and electrical panel locations. The plan includes a large central area with a grid pattern, a kitchen area with a sink and stove, a dining area with tables and chairs, a lounge area with sofas and armchairs, a reception area with a desk, a rest area with restrooms, a storage area, a trash room (44 S.F.), and a large open area with a ramp. Dimensions are provided for various sections. Labels indicate "EXISTING ELECTRICAL PANELS TO REMAIN" in several locations. A north arrow is present in the bottom right corner.

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

A PARCEL OF LAND LOCATED IN THE STATE OF CALIFORNIA, COUNTY OF LOS ANGELES, WITH A SITUS ADDRESS OF 546 W COMPTON BLVD, COMPTON CA 90220-3011 CURRENTLY OWNED BY 2 K A KOOB LLC HAVING A TAX ASSESSOR NUMBER OF 6161-017-044 AND BEING THE SAME PROPERTY MORE FULLY DESCRIBED AS *TR=13926*THAT POR OUTSIDE COMPTON CITY WALNUT INDUSTRIAL PARK REDEVELOPMENT PROJECT OF LOT ON S LINE OF COMPTON BLVD COM W THEREON 10 FT FROM NE COR OF LOT 12 TH W ON SD S LINE 45.07 FT TH S AND DESCRIBED IN DOCUMENT NUMBER 3054238 DATED 11/23/2004 AND RECORDED 11/24/2004.

EXHIBIT C

COMMENCEMENT DATE MEMORANDUM
AND CONFIRMATION OF LEASE TERMS

Reference is made to that certain lease ("Lease") dated _____, 2006, between County of Los Angeles, a body politic and corporate ("Tenant"), and 2K.A.Koob, LLC ("Landlord"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises comprising the building located at 546 West Compton Boulevard, Compton, CA ("Premises"),

Landlord and Tenant hereby acknowledge as follows:

- (1) Landlord delivered possession of the Premises to Tenant in a Substantially Complete condition on _____ ("Possession Date");
- (2) Tenant has accepted possession of the Premises and now occupies the same;
- (3) The Lease commenced on _____ ("Commencement Date");
- (4) The Premises contain 4,207 rentable square feet of space; and
- (5) Basic Rent Per Month is \$8,414.

IN WITNESS WHEREOF, this Memorandum is executed this ____ day of _____, 200__.

"Tenant"

COUNTY OF LOS ANGELES,
a body politic and corporate

By: _____
Name: _____
Its: _____

"Landlord"

2K.A.Koob, LLC


By: 
Name: KAVOOS A HANKOOB
Its: MANAGER

EXHIBIT D

HVAC STANDARDS

Landlord shall supply cooling, ventilating and heating with capacity to produce the following results effective during Normal Working Hours established by the Lease and within tolerances normal in comparable office buildings; maintenance of inside space conditions of not greater than 78 degrees Fahrenheit when the outside air temperature is not more than 93 degrees Fahrenheit dry bulb and 70 degrees Fahrenheit wet bulb, and not less than 70 degrees Fahrenheit when the outside air temperature is not lower than 42 degrees Fahrenheit dry bulb. Interior space is designated at a rate of one zone for approximately each 1,000 square feet and one diffuser for each 200 square feet of usable square footage within the Premises. If energy requirements prohibit Landlord from complying with these requirements, Tenant shall not unreasonably withhold its consent to temporary waivers or modifications.

EXHIBIT E

CLEANING AND MAINTENANCE SCHEDULE

1. DAILY (Monday through Friday)

- A. Carpets vacuumed.
- B. Composition floors dust-mopped.
- C. Desks, desk accessories and office furniture dusted. Papers and folders left on desk not to be moved.
- D. Waste baskets, other trash receptacles emptied.
- E. Chairs and waste baskets returned to proper position.
- F. Fingerprints removed from glass doors and partitions.
- G. Drinking fountains cleaned, sanitized and polished.
- H. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
- I. Bulb and tube replacements, as required.
- J. Graffiti expunged as needed within two (2) working days after notice by Tenant.
- K. Floors washed as needed.
- L. Kitchen/Lunchroom supplies replenished including paper supplies and soap.
- M. Exclusive day porter service from ____ to ____ (if provided by contract).

2. WEEKLY

- A. Low-reach areas, chair rungs, baseboards and insides of door jambs dusted.
- B. Window sills, ledges and wood paneling and molding dusted.

3. MONTHLY

- A. Floors washed and waxed in uncarpeted office area.
- B. High-reach areas, door frames and tops of partitions dusted.
- C. Upholstered furniture vacuumed, plastic and leather furniture wiped.
- D. Picture moldings and frames dusted.
- E. Wall vents and ceiling vents vacuumed.
- F. Carpet professionally spot cleaned as required to remove stains.
- G. HVAC chiller water checked for bacteria, water conditioned as necessary.

4. QUARTERLY

- A. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
- B. Wood furniture polished.
- C. Draperies or mini-blinds cleaned as required, but not less frequently than Quarterly.
- D. HVAC units serviced for preventative maintenance purposes, all filters changed.

5. SEMI-ANNUALLY

A. Windows washed as required inside and outside but not less frequently than twice annually.

B. All painted wall and door surfaces washed and stains removed.

C. All walls treated with vinyl covering washed and stains removed.

6. ANNUALLY

A. Furniture Systems and any other fabric or upholstered surfaces including chairs, couches, walls, etc., spot cleaned, or if determined to be necessary in Tenant's sole discretion, professionally cleaned in their entirety using a water extraction system.

B. Bathroom and any other ceramic tile surfaces professionally cleaned using a hand scrub process. All grout and porous surfaces resealed with a professional grade sealant.

C. Touch-up paint all interior painted surfaces in a color and finish to match existing.

7. AS NEEDED

A. Premises and the sidewalks, driveways, parking areas and all means of access and egress for the Premises should be maintained in good repair, and in clean and safe condition at all times.

B. All lawns, shrubbery and foliage on the grounds of the Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

C. Carpets to be cleaned using a non-detergent, low moisture, soil encapsulation system as recommended by the carpet manufacturer. The following schedule will be maintained for carpet cleaning: (i) heavy traffic areas as needed with a minimum frequency of bi-monthly [six (6) times per year]; (ii) moderate traffic areas cleaned as needed with a minimum of once every six (6) months [two (2) times per year]; and (iii) clean light traffic areas a minimum of once per year. Landlord agrees that bonnet cleaning is not an acceptable method of cleaning carpets.

D. All walls repainted and wall coverings replaced throughout the Premises. The paint finish should be eggshell or semi-gloss as directed by Tenant and in a color acceptable to Tenant. In no event will Landlord be required to repaint or replace wall coverings more than one (1) time in a five (5) year period (the "Occurrence"). The initial tenant improvements completed prior to Tenant's occupancy or as a condition to the renewal of the Lease shall not constitute an Occurrence for the purpose of determining the frequency of this work.

8. GENERAL

Landlord shall, upon request of Tenant, produce written service contracts as evidence of compliance with the terms of this Cleaning and Maintenance Schedule.

LANDLORD'S WORK LETTER

For

**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AND AGREEMENT**

DEPARTMENT: Mental Health, as Tenant

LANDLORD: 2K.A.Koob, LLC

546 West Compton Boulevard, Compton

LANDLORD'S WORK LETTER

This Work Letter supplements the Lease (the "Lease") dated _____, 2007, executed concurrently herewith, by and between 2.K.A.Koob, LLC, as Landlord, and COUNTY OF LOS ANGELES as Tenant, covering certain Premises described in the Lease. Terms capitalized but not otherwise defined herein shall have the meanings ascribed to them in the Lease.

The parties hereby agree as follows:

1. Basic Work Letter Information. The following terms as used herein shall have the meanings provided in this Section unless otherwise specifically modified by provisions of this Work Letter.

(a) <u>Base Tenant Improvement Allowance</u>	\$42,070 (i.e., \$10 per rentable square foot of the Premises)
(b) <u>Additional Tenant Improvement Allowance</u>	\$168,280 (i.e., \$40 per rentable square foot of the Premises)
(c) <u>Maximum Change Order Allowance</u>	\$25,000
(d) <u>Additional Tenant Improvement and Change Order Amortization Rate:</u>	9% per annum
(e) <u>Basic Rent Reduction per \$1,000</u>	N/A
(f) <u>Tenant's Work Letter Representative</u>	Nevin Harrison or an assigned staff person of the Chief Administrative Office-Real Estate Division
(g) <u>Landlord's Work Letter Representative</u>	Kavoos Ahankoob or an assigned staff person of the Landlord.
(h) <u>Landlord's Address for Work Letter Notice</u>	See Section 1(a) of Lease.
(i) <u>Tenant's Address for Work Letter Notice</u>	Board of Supervisors Kenneth Hahn Hall of Administration Room 383 500 West Temple Street Los Angeles, California 90012 With a copy to:

	Chief Administrative Office- Real Estate Division 222 South Hill Street, 3 rd Floor Los Angeles, California 90012 Attention: Director of Real Estate Fax Number: (213) 217-4971
(j) Addenda	Addendum A: Base Building Improvements Addendum B: Tenant Improvements

2. **Construction of the Building.**

2.1 **Base Building Improvements.** Landlord has constructed or shall construct the base Building improvements as a part of the Building described on Addendum A hereto (the "Base Building Improvements"). To the extent that the Base Building Improvements must be changed or added to in order to accommodate the special needs of Tenant in the Premises, such changes or additions shall be considered Tenant Improvements (as defined below) only to the extent such changes or additions are specifically described in Addendum B hereto.

2.2 **Additional Costs Not Tenant Improvement Costs**

(a) In the event that the Building as initially constructed does not comply with current life-fire safety codes, disabled access codes (including, without limitation, the ADA), and/or earthquake safety codes, and Landlord incurs increased design or construction costs that it would not have incurred had the Building been in compliance with such codes, such costs shall not be included in the calculation of Tenant Improvement Costs as defined below and Tenant shall have no financial responsibility for such costs.

(b) Any work that Landlord must undertake to cause the Premises to comply with the access requirements of the ADA or make existing building systems, including, but not limited to, electrical service and HVAC equipment, fully operational shall be at Landlord's sole cost and expense. Tenant Improvement Costs shall not include any costs associated with (i) asbestos abatement or compliance with the Hazardous Materials provision of the Lease, including all expenses associated with curing any "Sick Building Syndromes", (ii) fire sprinkler system installation or upgrade, (iii) conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere, (iv) utility costs incurred during construction, (v) costs incurred in order to cause the Premises to comply with any mechanical or electrical requirements set forth in the Lease, or (vi) supervision or overhead costs of Landlord.

(c) Landlord shall be solely responsible for all costs and expenses necessary to increase permitted structural floor loading in order to accommodate Tenant's libraries, file rooms, unusual live loads and other such uses.

2.3 **Base Building Plans.** Landlord has delivered to Tenant "as built" plans and specifications for the Building in an AutoCAD 2000 format. In the event Tenant incurs additional costs because such plans and specifications are incomplete or inaccurate, such increased costs will be reimbursed to Tenant and any delay caused thereby shall not be a Tenant Delay, as defined below.

3. **Selection of Architect and Engineer.** Landlord shall promptly solicit at least three proposals from qualified licensed architects ("Architect") and engineers ("Engineer") familiar

with all applicable laws and building requirements detailing a scope of work sufficient to complete the Working Drawings as defined below. The Architect and the Engineer shall be selected by Landlord subject to Tenant's consent, which consent shall not be unreasonably withheld, and which consent (or refusal to consent for reasonable reasons) shall be granted within three business days after Landlord has submitted the name of the Architect and the Engineer to Tenant together with detailed proposals outlining the cost for design/engineering services. This procedure shall be repeated until the Architect and the Engineer is/are finally approved by Tenant and written consent has been delivered to and received by Landlord.

4. **Selection of Contractor** The Final Plans, as defined below, and a proposed construction contract approved by Tenant, shall be submitted to contractors, selected by Landlord and approved by Tenant, sufficient in number so that a minimum of three bids are received. Each approved contractor shall be requested to submit a sealed fixed price contract bid price (on such contract form as Landlord shall designate) to construct the Tenant Improvements designated on the Final Plans. Landlord and Tenant shall jointly open and review the bids. Landlord and Tenant, after adjustments for inconsistent assumptions, shall select the most qualified bidder offering the lowest price and such contractor ("Contractor") shall enter into a construction contract ("Construction Contract") with Landlord consistent with the terms of the bid to construct the Tenant Improvements.

5. **Preparation of Plans and Specifications and Construction Schedule.**

5.1 **Preparation of Space Plan.** Concurrently with the execution of this Lease, Tenant shall submit to Landlord a space plan and specifications for the Premises showing all demising walls, corridors, entrances, exits, doors, interior partitions, and the locations of all offices, conference rooms, computer rooms, mini-service kitchens, and the reception area, library, and file room (the "Space Plan").

5.2 **Preparation and Approval of Working Drawings.** Within ten days of the date the Space Plan is submitted to Landlord (the "Plan Submission Date"), Landlord shall instruct the Architect to commence preparation of Working Drawings (the "Working Drawings"), which shall be compatible with the design, construction and equipment of the Building, comply with all applicable laws, be capable of physical measurement and construction, contain all such information as may be required for the construction of the Tenant Improvements and the preparation of the Engineering Drawings (as defined below), and contain all partition locations, plumbing locations, air conditioning system and duct work, special air conditioning requirements, reflected ceiling plans, office equipment locations, and special security systems. The Working Drawings may be submitted in one or more stages and at one or more times. Landlord shall provide Tenant the Working Drawings, or such portion as has from time to time been submitted, for review. Landlord shall be solely responsible for insuring that the Working Drawings fully comply with all applicable building codes and are free from errors or omissions on the part of the Architect.

5.3 **Preparation and Approval of Engineering Drawings.** Landlord shall cause the Architect to coordinate all engineering drawings prepared by the Engineer, showing complete mechanical, electrical, plumbing, and HVAC plans ("Engineering Drawings") to be integrated into the Working Drawings. The Engineering Drawings may be submitted in one or more stages and at one or more times for Tenant's review.

5.4 **Integration of Working Drawings and Engineering Drawings into Final Plans.** After Tenant has approved the Engineering Drawings, Landlord shall cause the Architect to integrate the approved Working Drawings with the approved Engineering Drawings (collectively "Final Plans") and deliver five sets of the Final Plans to Tenant. The Final Plans shall be suitable for plan check review and permitting by local agencies having jurisdiction, for the layout, improvement and finish of the Premises consistent with the design and construction of the Base

Building Improvements, including electrical and mechanical drawings, capacity reports, dimensioned partition plans, floor and wall finish plans, reflected ceiling plans, power, telephone communications and data plans, life safety devices, construction detail sheets including millwork detail plans showing the location of partitions, light fixtures, electrical outlets, telephone outlets, sprinklers, doors, equipment specifications (including weight specifications and cooling requirements) and power requirements (including voltage, amps, phase, and special plugs and connections), wall finishes, floor coverings, millwork and other Tenant Improvements.

5.5 Approval of Plans by Tenant. Approval by Tenant shall not be deemed to be a representation by Tenant as to the adequacy or correctness of the design of the Tenant Improvements.

5.6 Schedule. Within 30 days after the Plan Submission Date, Landlord shall submit to Tenant a detailed construction schedule, subject to approval by Tenant which approval shall not be unreasonably withheld, setting forth the dates specific completion of certain project benchmarks including, but not limited to, completion of Working Drawings, completion of Engineering Drawings, submission of plans to local jurisdiction for review, issuance of building permit, submission of plans to contractors for bidding, award of construction contract, construction commencement, construction completion, Projected Commencement Date and other similar dates. As the construction continues, Landlord shall amend the schedule from time to time to reflect any changes to the projected dates.

6. Final Construction Budget and Payment of Tenant Construction Costs

6.1 Construction Budget. Within three days after the Plan Submission Date, Landlord shall submit to Tenant a preliminary budget (the "Preliminary Budget") in a format similar to Addendum C attached hereto. Such budget shall be revised into final form within ten days from of the date the Contractor is selected and will be referred to herein as the "Final Construction Budget". Tenant shall have five days from the date of receipt of the Final Construction Budget to approve or disapprove the Final Construction Budget. Construction of the Tenant Improvements shall not begin until such time as Tenant indicates its approval or disapproval of the Final Construction Budget or the five day period expires without any response from Tenant. In the event Tenant disapproves the Final Construction Budget due to matters related to cost and the Final Construction Budget is ten percent (10%) or more higher in cost than was projected in the Preliminary Construction Budget, then any delay caused by the necessity to rebid or redesign the Tenant Improvements shall not be considered a Tenant Delay. Landlord shall review the Space Plan, Working Drawings, Engineering Drawings and Final Plans at its sole cost and expense. No fee for profit, overhead or general conditions in connection with the construction of the Tenant Improvements shall be included in the Final Construction Budget unless approved by Tenant.

6.2 Additional Tenant Improvement Allowance. All improvements required by the Working Plans and modular furniture described in the Modular Specifications, as further described in Addendum B hereto, shall be Tenant Improvements and shall be at Landlord's sole cost and expense ("Tenant Improvements"). Costs of Tenant Improvements shall include costs, telecommunications equipment, soft costs and any other costs designated in writing by Tenant in the aggregate not to exceed the Base Tenant Improvement Allowance, the Additional Tenant Improvement Allowance and costs of Change Orders, as defined below ("Tenant Improvement Costs"). Landlord shall be solely responsible for any delay or increased cost in completing the Tenant Improvements except for delays or costs arising from Tenant Delays as defined below. It is anticipated that the Tenant Improvement Costs will exceed the Tenant Improvement Allowance so that Tenant may authorize Landlord to pay the overage in an amount not exceeding the Additional Tenant Improvement Allowance. The amount of the Additional Tenant Improvement Allowance shall be paid to Landlord as provided herein.

6.3 Method of Payment. That portion of the Additional Tenant Improvement Allowance used to pay for the Tenant Improvement Costs may, at Tenant's election be paid to Landlord (i) in a lump sum when the Tenant Improvements are Substantially Complete, or (ii) in equal amortized monthly payments over the term of the Lease at the Tenant Improvement Amortization Rate. Tenant may at any time during the Term prepay Landlord in a lump sum for all or any portion of the Tenant Improvement Costs, amortizing any remaining amount in monthly payments over the term of the Lease at the Tenant Improvement Amortization Rate.

7. Construction of Tenant Improvements.

7.1 Tenant Improvements. Tenant Improvements to be constructed by Landlord are described more particularly on Addendum B hereto. If any work required by the Final Plans is not described on Addendum B hereto the work shall be performed by Landlord at its own cost and expense and not included in the cost of Tenant Improvements.

7.2 Bids. Unless waived by Tenant in writing, any major contractors, subcontractors and materials providers providing labor and/or materials for the Tenant Improvements shall be selected only after at least three bids have been solicited from responsible and qualified persons. Landlord shall submit at least three sealed fixed price bids for the construction of the Tenant Improvements to Tenant for its review prior to the award of the Construction Contract. The bids shall be jointly opened and reviewed. The bids shall include an itemized list of all materials and labor and shall include all additional costs, including architects and engineering fees, permits, reasonable contractor's profit and overhead, and project management fees. At least three bids for the purchase and installation of the office furniture system, prepared by the furniture dealer, shall be included in the construction estimates, if applicable.

(a) Permits. Landlord shall secure the approval of governmental authorities, and all permits required by governmental authorities having jurisdiction over such approvals and permits for the Tenant Improvements, promptly after approval of the Final Plans.

(b) Commencement of Construction. Landlord shall commence construction of the Tenant Improvements within 15 days after issuance of all such necessary permits. Landlord shall commence and, once commenced, shall thereafter diligently proceed to construct and complete all Tenant Improvements, subject to any cessation that may be caused by Force Majeure Delays.

7.3 Construction. Construction of the Tenant Improvements will be subject to the following terms and conditions:

(a) Notice of Nonresponsibility. Landlord and the Contractor shall cooperate with Tenant in posting a notice or notices of nonresponsibility by Tenant.

(b) Decorating Decisions. All design and programming, space planning and interior decorating services, such as selection of wall paint colors and/or wall coverings, furniture, fixtures, carpeting and any or all other decorator selection efforts required by Tenant, shall be provided by Landlord at Landlord's expense in accordance with Tenant's Space Plan. Landlord shall consult with Tenant with respect to all such decorating services and decisions.

(c) Clean-Up and Substandard Work. Landlord will be responsible for all clean-up with respect to the Tenant Improvements, whether in the Premises themselves or in other areas utilized by Landlord or its contractors, and agrees to reimburse Tenant for any and all expenses incurred by Tenant by reason of substandard work performed by Landlord's contractor or contractors (as reasonably determined by Tenant according to the usual standards of work in the Building) or as a result of inadequate clean-up.

(d) Compliance with Laws. Construction of the Tenant Improvements shall comply with all applicable laws and regulations and shall be subject to the general inspection of Tenant. The Premises shall comply with all applicable city, county, state and federal building codes, regulations and ordinances required for beneficial occupancy, including, but not limited to, all provisions of the Labor Code of the State of California. Under the provisions of the Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements. Particulars of the current Prevailing Wage Scale as approved by the Board of Supervisors which are applicable to the work are filed with the Clerk of the Board of Supervisors and must be posted at the site.

7.4 Conformed Plans. Within 60 days after Substantial Completion of the Tenant Improvements and receipt from the Contractor of all field changes, Landlord shall submit to Tenant a set of conformed plans ("as-builts") incorporating, in accordance with standard industry custom and practice, field changes made and changes and/or revisions that have been made subsequent to the submission of the Final Plans. Such "as-built" or "record documents" shall be submitted on three and one-half inch (3½") 1.4Mb magnetic media diskettes in Auto CAD R 12.dwg (or later version) format or .DXF format, along with one complete set of mylar transparencies of drawings and one complete set of specifications.

8. Change Orders. Tenant and Landlord may make changes, additions, deletions or alterations in the Final Plans ("Change Order") provided both Tenant and Landlord approve such changes in writing. The amount of the Maximum Change Order Allowance set forth in Section 1 has been authorized by the Board of Supervisors of the County to be used to pay the costs of all authorized Change Orders but only the Chief Administrative Officer is authorized to approve Change Orders on behalf of Tenant and then only if the aggregate amount of such approved Change Orders does not exceed the Maximum Change Order Allowance. Tenant may elect to pay for Change Orders (a) in a lump sum upon Substantial Completion of the Tenant Improvements, or (b) amortize the costs over the initial Term of the Lease at the Change Order Amortization Rate payable in equal monthly installments over the initial Term of the Lease. Landlord shall submit to the Chief Administrative Officer with each requested Change Order (i) the specific cost of the requested change, (ii) the cumulative net total cost of all Change Orders previously approved, and (iii) an estimate of the construction time which will be increased or shortened if the Change Order is approved. Each Change Order must be signed and dated by the Chief Administrative Officer.

9. Furniture System (Intentionally Omitted).

10. Tenant Improvement Costs Adjustment and Right to Audit. Within five days of the issuance of a Certificate of Occupancy, or a final sign-off by the City of Los Angeles, which ever occurs first, Landlord shall provide to Tenant a statement showing in reasonable detail all Tenant Improvement Costs and the total amount payable hereunder by Tenant to Landlord. Upon approval of the statement by Tenant, payments by either party pursuant to the Lease and this Landlord's Work Letter shall be adjusted as appropriate, based upon such statement. Tenant shall have the right to audit these costs for a period of 24 months from the date of acceptance by Tenant of the Premises. In the event the audit shows that Tenant is entitled to a reduction in payments to the Landlord under this Landlord's Work Letter, Tenant shall provide Landlord with a copy of the audit summary and Landlord shall pay Tenant the amount of any over-payment made by Tenant within 30 days and future payments shall be adjusted as appropriate based upon the audit results.

11. **Exclusions.** The Tenant Improvement cost shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Landlord.

12. **Telephone/Computer Room and Equipment.** Landlord shall complete the telephone equipment room(s) including permanent power and HVAC, in compliance with the Space Plan and specifications provided by Tenant, at least 30 days prior to the Projected Commencement Date. During this 30 day period, the Landlord shall be responsible for any telephone/data equipment delivered to the site for programming prior to the Projected Commencement Date.

13. **Delay.**

13.1. **Tenant Delays and Force Majeure Delays.** Except as set forth herein, no delay in the completion of construction of the Tenant Improvements shall be considered in the determination of the Commencement Date of the Lease and, except as set forth herein or in the Lease, under no circumstance shall Tenant be charged with any delay whatsoever as a result of delay in the construction of Tenant Improvements. Subject to the provisions of Section 13.2, the Projected Commencement Date set forth in the Lease shall be extended one (1) day for each day that: (i) Tenant fails or refuses to give authorizations or approvals within the time periods required herein but only to the extent such delays delay the commencement or completion of construction of the Tenant Improvements (referred to herein as "Tenant Delay(s)"); or (ii) Substantial Completion of the Tenant Improvements is delayed by lightning, earthquake, fire, storm, tornado, flood, washout, explosion, strike, lockout, labor disturbance, civil disturbance, riot, war, act of a public enemy, sabotage or other similar causes beyond the reasonable control of Landlord (referred to herein as "Force Majeure Delay(s)").

13.2. **Limitations.**

(a) **Notice.** No Tenant Delay or Force Majeure Delay shall be deemed to have occurred unless Landlord has provided written notice, within 48 hours of the event giving rise to such claim, in compliance with the Lease, to Tenant specifying that a delay is claimed to have occurred because of actions, inaction or circumstances specified in the notice in reasonable detail. If such actions, inaction or circumstances qualify as a Tenant Delay or Force Majeure Delay, then a Tenant Delay or Force Majeure Delay, as applicable, shall be deemed to have occurred only commencing as of the date Tenant received such notice from Landlord.

(b) **Mitigation.** Tenant Delays and Force Majeure Delays shall delay the Projected Commencement Date only in the event that Substantial Completion of the Tenant Improvements is delayed, despite Landlord's reasonable efforts to adapt and compensate for such delays, which efforts Landlord shall be obligated to make (provided such additional cost incurred by Landlord due to such effort does not exceed \$1,000 on a cumulative basis, unless Tenant agrees to pay to such excess).

(c) **Concurrent Delays.** Tenant Delays and Force Majeure Delays shall be recognized hereunder only to the extent the same are not concurrent with any other Tenant Delay or Force Majeure Delay which is effective hereunder. For example, if there are ten days of Tenant Delays and four days of Force Majeure Delays which occur during the same ten day period of such Tenant Delays, then the Projected Commencement Date would be extended by only ten days; on the other hand, if such Tenant Delays and Force Majeure Delays did not occur during the same period, the Projected Commencement Date would be extended by 14 days.

(d) Change Orders. Landlord may not claim that a Change Order requested by Tenant was the cause of a delay in the construction of the Tenant Improvements unless the anticipated delay is specified in writing in the Change Order authorization.

14. **Tenant Remedies**. If Landlord fails to obtain the building permit to construct the Tenant Improvements within a reasonable time, taking all factors into consideration, or if Tenant Improvements have not been completed within 60 days from the Projected Commencement Date, Tenant may, at its option:

14.1. Cancel the Lease upon 30 days written notice to Landlord; or

14.2. Upon 30 days written notice to Landlord, assume the responsibility for providing the Tenant Improvements itself. If Tenant elects to provide tenant improvements itself, then:

(a). Tenant, its officers, employees, agents, contractors and assignees, shall have free access to the Premises and the Building at all reasonable times for the purpose of constructing the Tenant Improvements and for any other purposes reasonably related thereto; and

(b). Rent shall be reduced by Tenant's total expense in constructing the Tenant Improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of six percent (6%) ("Tenant's Total Expense"). The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Tenant's Total Expense shall be fully amortized in equal monthly amounts over five years and deducted from the rent payable hereunder.

Any default by Landlord under the terms of this Landlord's Work Letter shall constitute a default under the Lease and shall entitle Tenant to exercise all remedies set forth in the Lease.

15. **Representatives**.

(a) Tenant Representative. Tenant has designated Tenant's Work Letter Representative as its sole representative with respect to the matters set forth in this Landlord's Work Letter who, until further notice to Landlord, shall have the full authority and responsibility to act on behalf of Tenant as required in this Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Tenant's Address for Work Letter Notice as set forth in Section 1.

(b) Landlord Representative. Landlord has designated Landlord's Work Letter Representative as its sole representative with respect to the matters set forth in this Work Letter who, until further notice to Tenant, shall have the full authority and responsibility to act on behalf of Landlord as required in this Landlord's Work Letter and whose address, for purposes of any notices to be given regarding matters pertaining to this Landlord's Work Letter only, is Landlord's Address for Work Letter Notice as set forth in Section 1.

16. **Construction Meetings**. During the course of construction, meetings shall be held between the Contractor, Landlord and Tenant at least once per week, unless Tenant directs otherwise, at a time and place which is mutually convenient. An initial construction meeting shall be held within five days of the date the Contractor is selected.

17. **Delivery**. Delivery of all plans and drawings referred to in this Work Letter shall be by commercial messenger service or personal hand delivery, unless otherwise agreed by Landlord and Tenant.

LANDLORD:

2K.A.Koob, LLC,

By: 

Name: RAVOO AHANKOOB

Title: MANAGER

Date Signed: 10.16.06

TENANT:

COUNTY OF LOS ANGELES,
a body politic and corporate

By: 

Name: William L. Dawson

Title: Acting Director of Real Estate/CAO

Date Signed: 12/21/06

ADDENDUM A To Landlord's Work Letter

BASE BUILDING IMPROVEMENTS

Landlord has constructed (or will construct) the Building to include the following:

(a) the Building shell and exterior, including perimeter window frames, mullions and glazing in good condition;

(b) the core area, including mechanical, electrical, sprinkler, plumbing, life safety, heating, air conditioning, ventilation and structural systems within the Building core, stubbed out to the face of the core wall at locations determined by Landlord;

(c) men's and women's toilet rooms, including necessary plumbing fixtures, ceramic tile floors, accessories, ceilings and lighting, with running hot and cold water;

(d) unpainted exterior dry wall or lath and plaster covering the exposed side of all exposed core walls, core and perimeter columns and the interior exposed side of all exterior building wall areas except at and under windows;

(e) public stairways;

(f) passenger and freight elevators;

(g) parking facilities;

(h) ground floor lobby;

(i) finished elevator lobbies (with carpet, lights, finished walls and ceiling);

(j) exterior plazas and landscaping;

(k) loading dock and/or area;

(l) drinking fountains at the core;

(m) electrical/telephone closet with not less than seven watts per square foot of rentable area of normal power in the floor electrical closet;

(n) conduit access sufficient for Tenant's electrical wiring (no additional improvement to increase conduit access will be furnished by Landlord unless there is not sufficient riser space as required for a 1.5" diameter signal cable from the Building main telecommunication vault to the telephone closets on first floor, in which case Landlord, at no cost to Tenant and without deduction from the Tenant Improvement Allowance, shall cause such riser space to be made available to Tenant, and provided further that Tenant shall be responsible for the cost for removing the riser floor seal at each floor and the patching of each seal after installation of Tenant's cable);

(o) two 208/120 and one 480/277 volt panels connected to the Building power system;

(p) mechanical equipment room with ducted mechanical exhaust system;

(q) concrete floors with trowelled finish, level to specified tolerances and designed to support a minimum live load of 50 pounds per square foot and a partition load of 20 pounds per square foot;

- (r) standard window coverings;
- (s) primary HVAC duct for cooling and primary HVAC duct for heating (heating is for perimeter zone only) to loop from the mechanical equipment room around the building core;
- (t) hot and cold air loops located within the Premises;
- (u) primary fire sprinkler distribution, including secondary piping and sprinkler heads as required for the unoccupied Premises;
- (v) primary fire-life safety enunciation system "backbone" and panels suitable for Tenant's secondary distribution;
- (w) access at panels in the service core for distribution of Building requirements electrical power (initially 120/208 V for power and 277V for fluorescent lighting) up to the limits permitted under applicable law at the time the Building receives the initial temporary certificate of occupancy for the Building; and
- (x) gypsum board on the service core walls, columns and sills in the Premises.

ADDENDUM B To Landlord's Work Letter

TENANT IMPROVEMENTS

Tenant improvements shall include:

- (a) Tenant ceilings and lighting;
- (b) Floor finish in the Premises (except elevator lobbies and public corridors on multi-tenant floors and toilet rooms);
- (c) Interior finishes of any kind within the Premises (except elevator lobbies and public corridors on multi-tenant floors and core area toilet rooms);
- (d) Interior partitions, doors and hardware within the Premises;
- (e) Terminal boxes and reheat coils or other HVAC or air distribution devices to or within the Premises;
- (f) As applicable, tenant's furniture, fixtures and equipment, including telephones, computers and cabling therefor;
- (g) Distribution of electrical services, plumbing services and sprinklers from the core to the Premises, and domestic hot water heater and associated hot water piping;
- (h) Any and all signs for Tenant and the power therefor;
- (i) Security, fire and life-safety systems throughout the Premises, including exit signs, intercoms and extinguishers;
- (j) Additional and/or above standard electrical capacity; and
- (k) Fiber optic access.